

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1003

AN ACT to amend the Indiana Code concerning economic development and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 1-1-3.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The governor shall forward a copy of the executive order issued under section 3 of this chapter to:

- (1) the director of the Indiana state library;
- (2) the election division; and
- (3) the Indiana Register.

(b) The director of the Indiana state library, or an employee of the Indiana state library designated by the director to supervise a state data center established under IC 4-23-7.1, shall notify each state agency using population counts as a basis for the distribution of funds or services of the effective date of the tabulation of population or corrected population count.

(c) The agencies that the director of the Indiana state library must notify under subsection (b) include the following:

- (1) The auditor of state, for distribution of money from the following:
 - (A) The cigarette tax fund in accordance with IC 6-7-1-30.1.
 - (B) Excise tax revenue allocated under IC 7.1-4-7-8.
 - (C) The local road and street account in accordance with IC 8-14-2-4.

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(D) The repayment of loans from the Indiana University permanent endowment funds under IC 21-7-4.

(2) The board of trustees of Ivy Tech State College, for the board's division of Indiana into service regions under IC 20-12-61-9.

(3) The ~~department of commerce~~, **lieutenant governor**, for the distribution of money from the ~~following~~:

(A) ~~The rural development fund under IC 4-4-9.~~

(B) ~~The growth investment program fund under IC 4-4-20.~~

(4) The division of disability, aging, and rehabilitative services, for establishing priorities for community residential facilities under IC 12-11-1.1 and IC 12-28-4-12.

(5) The department of state revenue, for distribution of money from the motor vehicle highway account fund under IC 8-14-1-3.

(6) ~~The enterprise zone board~~, **Indiana economic development corporation**, for the evaluation of enterprise zone applications under ~~IC 4-4-6-1~~. **IC 5-28-15.**

(7) The alcohol and tobacco commission, for the issuance of permits under IC 7.1.

(8) The Indiana library and historical board, for distribution of money to eligible public library districts under IC 4-23-7.1-29.

(9) The state board of accounts, for calculating the state share of salaries paid under IC 33-38-5, IC 33-39-6, and IC 33-41-2.

SECTION 2. IC 4-4-5.2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter, "board" refers to the ~~Indiana twenty-first century research and technology fund board~~ **of the Indiana economic development corporation. established by IC 4-4-5.1-6.**

SECTION 3. IC 4-4-10.9-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except as provided in subsection (b), "industrial development project" includes:

(1) the acquisition of land, site improvements, infrastructure improvements, buildings, or structures, rehabilitation, renovation, and enlargement of buildings and structures, machinery, equipment, furnishings, or facilities (or any combination of these), comprising or being functionally related and subordinate to any project (whether manufacturing, commercial, agricultural, environmental, or otherwise) the development or expansion of which serves the public purposes set forth in IC 4-4-11-2;

(2) educational facility projects; and

(3) child care facility projects.

(b) For purposes of the industrial development guaranty fund program, "industrial development project" includes the acquisition of

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land, interests in land, site improvements, infrastructure improvements (including information and high technology infrastructure (as defined in ~~IC 4-4-8-1~~), **IC 5-28-9-4**)), buildings, or structures, rehabilitation, renovation, and enlargement of buildings and structures, machinery, equipment, furnishings, or facilities (or any combination of these), comprising or being functionally related and subordinate to any of the following:

- (1) A pollution control facility.
- (2) A manufacturing enterprise.
- (3) A business service enterprise involved in:
 - (A) computer and data processing services; or
 - (B) commercial testing services.
- (4) A business enterprise, the primary purpose of which is the operation of an education and permanent marketing center for manufacturers and distributors of robotic and flexible automation equipment.
- (5) Any other business enterprise, if the use of the guaranty program creates a reasonable probability that the effect on Indiana employment will be creation or retention of at least fifty (50) jobs.
- (6) An agricultural enterprise in which:
 - (A) the enterprise operates pursuant to a producer or growout agreement; and
 - (B) the output of the enterprise is processed predominantly in Indiana.
- (7) A business enterprise that is required by a state, federal, or local regulatory agency to make capital expenditures to remedy a violation of a state or federal law or a local ordinance.
- (8) A recycling market development project.
- (9) A high growth company with high skilled jobs (as defined in IC 4-4-10.9-9.5).

SECTION 4. IC 4-4-31-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. After June 30 and before July 15 of each year, the department of workforce development shall provide the authority with a list of the counties that qualify as distressed areas as of the date of the report. A copy of the list also shall be distributed to the ~~department of commerce~~ **Indiana economic development corporation.** ~~for use under IC 4-4-20.~~

SECTION 5. IC 4-4-32-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "fund" refers to the Indiana twenty-first century research and technology fund established by ~~IC 4-4-5-1-3.~~ **IC 5-28-16-2.**

SECTION 6. IC 4-10-18-16 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) Grants to or on behalf of political subdivisions for qualified economic growth initiatives shall be made by the ~~department of commerce~~ **created Indiana economic development corporation established by IC 4-4-3-2, IC 5-28-3-1.**

(b) Each grant shall be made ~~pursuant to~~ **under** a grant agreement by and between:

(1) the ~~department of commerce~~; **Indiana economic development corporation**; and

(2) the political subdivision proposing the economic growth initiative or the person (as defined in IC 36-1-2-12) acting on behalf of the political subdivision.

(c) Each grant agreement shall describe in detail:

(1) the qualified economic growth initiative;

(2) the financing plan by the political subdivision proposing the economic growth initiative or by the person acting on behalf of the political subdivision; and

(3) the estimated cost of the economic growth initiative and all sources of money for the initiative.

(d) The ~~department of commerce~~ **Indiana economic development corporation** may not execute and deliver a grant agreement under this section, and no money may be disbursed from the economic growth initiatives account, until the grant agreement has been:

(1) reviewed by the budget committee established by IC 4-12-1-3; and

(2) approved by the budget agency established by IC 4-12-1-3.

(e) In addition to the requirements of subsection (d), no money may be disbursed for a grant from the economic growth initiatives account

~~(1) before March 1, 1994; or~~

~~(2) after February 28, 1994;~~ without an appropriation made by the general assembly for that purpose, unless the grant is for a qualified economic growth initiative for a government building that is to be occupied by an agency of the federal government.

(f) Not more than twenty-five percent (25%) of any grant may be used for training or retraining employees whose jobs will be created or retained as a result of the economic growth initiative.

SECTION 7. IC 4-12-10-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The budget agency, after review by the budget committee, shall enter into an agreement with the ~~department of commerce~~ **Indiana economic development corporation** to do the following:

(1) Review, prioritize, and approve or disapprove proposals for

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centers.

(2) Create detailed application procedures and selection criteria for center proposals. These criteria may include the following:

- (A) Geographical proximity to and partnership agreement with an Indiana public or private university.
- (B) Proposed local contributions to the center.
- (C) Minimum standards and features for the physical facilities of a center, including telecommunications infrastructure.
- (D) The minimum support services, both technical and financial, that must be provided by the centers.
- (E) Guidelines for selecting entities that may participate in the center.

(3) Develop performance measures and reporting requirements for the centers.

(4) Monitor the effectiveness of each center and report its findings to the governor, the budget agency, and the budget committee before October 1 of each even-numbered year.

(5) Approve a regional technology center only if the center agrees to do all of the following:

- (A) Nurture the development and expansion of high technology ventures that have the potential to become high growth businesses.
- (B) Increase high technology employment in Indiana.
- (C) Stimulate the flow of new venture capital necessary to support the growth of high technology businesses in Indiana.
- (D) Expand workforce education and training for highly skilled high technology jobs.
- (E) Affiliate with an Indiana public or private university and be located in close proximity to a university campus.
- (F) Be a party to a written agreement among:
 - (i) the affiliated university;
 - (ii) the city or town in which the proposed center is located, or the county in which the proposed center is located if the center is not located in a city or town;
 - (iii) Purdue University, for technical and personnel training support; and
 - (iv) any other affiliated entities;

that outlines the responsibilities of each party.

(G) Establish a debt free physical structure designed to accommodate research and technology ventures.

(H) Provide support services, including business planning, management recruitment, legal services, securing of seed

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capital marketing, and mentor identification.

(l) Establish a commitment of local resources that is at least equal to the money provided from the fund for the physical facilities of the center.

(b) The ~~department of commerce~~ **Indiana economic development corporation** may not approve more than five (5) regional technology centers in any biennium.

(c) The budget agency shall contract with Purdue University:

(1) for any support staff necessary for the budget agency to provide grants under section 3(a)(3) and 3(a)(4) of this chapter; and

(2) to provide services under section 7 of this chapter.

SECTION 8. IC 4-12-10-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) If the ~~department of commerce~~ **Indiana economic development corporation** and the budget agency approve a center, the budget agency shall allocate from available appropriations the money authorized to:

(1) subsidize construction or rehabilitation of the physical facilities; and

(2) cover operating costs, not to exceed two hundred fifty thousand dollars (\$250,000) each year, until the center is self-sustaining or has identified another source of operating money or the amount appropriated for this purpose is exhausted.

(b) Operating costs may not be supported by the fund for any center for more than four (4) years.

SECTION 9. IC 4-12-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter, "~~department~~" "**corporation**" refers to the ~~department of commerce~~ **Indiana economic development corporation** established by ~~IC 4-4-3-2~~ **IC 5-28-3-1**.

SECTION 10. IC 4-12-11-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. The fund shall be administered by the ~~department~~ **corporation**.

SECTION 11. IC 4-12-11-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. The ~~department~~ **corporation** shall establish a grant application procedure for redevelopment commissions.

SECTION 12. IC 4-12-11-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. To qualify for a grant under this chapter, a redevelopment commission must:

(1) submit an application in the form prescribed by the

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~~department;~~ **corporation;**

(2) demonstrate that:

(A) the redevelopment commission has established a technology park; and

(B) the grant being applied for under this chapter will assist the redevelopment commission in accomplishing the goals of the technology park under IC 36-7-32; and

(3) provide the other information required by the ~~department;~~ **corporation.**

SECTION 13. IC 4-12-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. The ~~department~~ **corporation** shall provide grants on a competitive basis from the fund to businesses that apply for a grant under this chapter. The ~~department~~ **corporation** may select and fund part or all of an application request that:

(1) is submitted during an application period; or

(2) was submitted in a prior application period but not fully funded in that application period.

SECTION 14. IC 4-12-11-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. The ~~department~~ **corporation** may, under rules established by the department of local government finance and the procedures established by the ~~department;~~ **corporation**, award grants from the fund to one (1) or more political subdivisions to reimburse the political subdivisions for ad valorem property taxes allocated to an allocation area as a result of a resolution adopted under IC 36-7-32-15.

SECTION 15. IC 4-13-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. As used in this chapter, "downtown" refers to:

(1) the central business district of a city, town, or township;

(2) any commercial or mixed use area within a neighborhood of a city, town, or township that has traditionally served, since the founding of the community, as the retail service and communal focal point within the community;

(3) an enterprise zone established under ~~IC 4-4-6.1;~~ **IC 5-28-15;** or

(4) a brownfield revitalization zone established under IC 6-1.1-42.

SECTION 16. IC 4-13-2-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) Except as otherwise provided in this section, IC 20-1-1.8-17.2, or IC 12-8-10-7, payment for any services, supplies, materials, or equipment shall not be paid from any fund or state money in advance of receipt of such

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services, supplies, materials, or equipment by the state.

(b) With the prior approval of the budget agency, payment may be made in advance for any of the following:

- (1) War surplus property.
- (2) Property purchased or leased from the United States government or its agencies.
- (3) Dues and subscriptions.
- (4) License fees.
- (5) Insurance premiums.
- (6) Utility connection charges.
- (7) Federal grant programs where advance funding is not prohibited and, except as provided in subsection (i), the contracting party posts sufficient security to cover the amount advanced.
- (8) Grants of state funds authorized by statute.
- (9) Employee expense vouchers.
- (10) Beneficiary payments to the administrator of a program of self-insurance.
- (11) Services, supplies, materials, or equipment to be received from an agency or from a body corporate and politic.
- (12) Expenses for the operation of offices that represent the state under contracts with the ~~department of commerce~~ **Indiana economic development corporation** and that are located outside Indiana.
- (13) Services, supplies, materials, or equipment to be used for more than one (1) year under a discounted contractual arrangement funded through a designated leasing entity.
- (14) Maintenance of equipment and maintenance of software not exceeding an annual amount of one thousand five hundred dollars (\$1,500) for each piece of equipment or each software license.
- (15) Exhibits, artifacts, specimens, or other unique items of cultural or historical value or interest purchased by the state museum.

(c) Any state agency and any state college or university supported in whole or in part by state funds may make advance payments to its employees for duly accountable expenses exceeding ten dollars (\$10) incurred through travel approved by the employee's respective agency director in the case of a state agency and by a duly authorized person in the case of any such state college or university.

(d) The auditor of state may, with the approval of the budget agency and of the commissioner of the Indiana department of administration:

- (1) appoint a special disbursing officer for any state agency or

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group of agencies where it is necessary or expedient that a special record be kept of a particular class of disbursements or where disbursements are made from a special fund; and

(2) approve advances to the special disbursing officer or officers from any available appropriation for the purpose.

(e) The auditor of state shall issue the auditor's warrant to the special disbursing officer to be disbursed by the disbursing officer as provided in this section. Special disbursing officers shall in no event make disbursements or payments for supplies or current operating expenses of any agency or for contractual services or equipment not purchased or contracted for in accordance with this chapter and IC 5-22. No special disbursing officer shall be appointed and no money shall be advanced until procedures covering the operations of special disbursing officers have been adopted by the Indiana department of administration and approved by the budget agency. These procedures must include the following provisions:

(1) Provisions establishing the authorized levels of special disbursing officer accounts and establishing the maximum amount which may be expended on a single purchase from special disbursing officer funds without prior approval.

(2) Provisions requiring that each time a special disbursing officer makes an accounting to the auditor of state of the expenditure of the advanced funds, the auditor of state shall request that the Indiana department of administration review the accounting for compliance with IC 5-22.

(3) A provision that, unless otherwise approved by the commissioner of the Indiana department of administration, the special disbursing officer must be the same individual as the procurements agent under IC 4-13-1.3-5.

(4) A provision that each disbursing officer be trained by the Indiana department of administration in the proper handling of money advanced to the officer under this section.

(f) The commissioner of the Indiana department of administration shall cite in a letter to the special disbursing officer the exact purpose or purposes for which the money advanced may be expended.

(g) A special disbursing officer may issue a check to a person without requiring a certification under IC 5-11-10-1 if the officer:

(1) is authorized to make the disbursement; and

(2) complies with procedures adopted by the state board of accounts to govern the issuance of checks under this subsection.

(h) A special disbursing officer is not personally liable for a check issued under subsection (g) if:

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(1) the officer complies with the procedures described in subsection (g); and

(2) funds are appropriated and available to pay the warrant.

(i) For contracts entered into between the department of workforce development or the Indiana commission on vocational and technical education and:

(1) a school corporation (as defined in IC 20-10.1-1-1); or

(2) a state educational institution (as defined in IC 20-12-0.5-1); the contracting parties are not required to post security to cover the amount advanced.

SECTION 17. IC 4-13-16.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) There is established a governor's commission on minority and women's business enterprises. The commission shall consist of the following members:

(1) A governor's designee, who shall serve as chairman of the commission.

(2) The commissioner of the Indiana department of transportation.

(3) The ~~director~~ **chairperson** of the ~~department of commerce~~ **board of the Indiana economic development corporation or the chairperson's designee.**

(4) The commissioner of the department.

(5) Nine (9) individuals with demonstrated capabilities in business and industry, especially minority and women's business enterprises, appointed by the governor from the following geographical areas of the state:

(A) Three (3) from the northern one-third (1/3) of the state.

(B) Three (3) from the central one-third (1/3) of the state.

(C) Three (3) from the southern one-third (1/3) of the state.

(6) Two (2) members of the house of representatives, no more than one (1) from the same political party, appointed by the speaker of the house of representatives to serve in a nonvoting advisory capacity.

(7) Two (2) members of the senate, no more than one (1) from the same political party, appointed by the president pro tempore of the senate to serve in a nonvoting advisory capacity.

Not more than six (6) of the ten (10) members appointed or designated by the governor may be of the same political party. Appointed members of the commission shall serve four (4) year terms. A vacancy occurs if a legislative member leaves office for any reason. Any vacancy on the commission shall be filled in the same manner as the original appointment.

(b) Each member of the commission who is not a state employee is

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entitled to the following:

- (1) The minimum salary per diem provided by IC 4-10-11-2.1(b).
- (2) Reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties as provided under IC 4-13-1-4 and in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(c) Each legislative member of the commission is entitled to receive the same per diem, mileage, and travel allowances established by the legislative council and paid to members of the general assembly serving on interim study committees. The allowances specified in this subsection shall be paid by the legislative services agency from the amounts appropriated for that purpose.

(d) A member of the commission who is a state employee but who is not a member of the general assembly is not entitled to any of the following:

- (1) The minimum salary per diem provided by IC 4-10-11-2.1(b).
- (2) Reimbursement for traveling expenses as provided under IC 4-13-1-4.
- (3) Other expenses actually incurred in connection with the member's duties.

(e) The commission shall meet at least four (4) times each year and at other times as the chairman ~~deems~~ **considers** necessary.

(f) The duties of the commission shall include but not be limited to the following:

- (1) Identify minority and women's business enterprises in the state.
- (2) Assess the needs of minority and women's business enterprises.
- (3) Initiate aggressive programs to assist minority and women's business enterprises in obtaining state contracts.
- (4) Give special publicity to procurement, bidding, and qualifying procedures.
- (5) Include minority and women's business enterprises on solicitation mailing lists.
- (6) Define the duties, goals, and objectives of the deputy commissioner of the department as created under this chapter to assure compliance by all state agencies, separate bodies corporate and politic, and state educational institutions with state and federal legislation and policy concerning the awarding of contracts to minority and women's business enterprises.
- (7) Establish annual goals:

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(A) for the use of minority and women's business enterprises;
and

(B) derived from a statistical analysis of utilization study of state contracts that are required to be updated every five (5) years.

(8) Prepare a review of the commission and the various affected departments of government to be submitted to the governor and the legislative council on March 1 and October 1 of each year, evaluating progress made in the areas defined in this subsection.

(g) The department shall adopt rules of ethics under IC 4-22-2 for commission members other than commission members appointed under subsection (a)(6) or (a)(7).

(h) The department shall furnish administrative support and staff as is necessary for the effective operation of the commission.

SECTION 18. IC 4-13.6-6-2.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.7. (a) As used in this section, "Indiana business" refers to any of the following:

(1) A business whose principal place of business is located in Indiana.

(2) A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.

(3) A business that employs Indiana residents as a majority of its employees.

(4) A business that makes significant capital investments in Indiana.

(5) A business that has a substantial positive economic impact on Indiana.

(b) The department shall consult with the ~~department of commerce~~ **Indiana economic development corporation** in developing criteria for determining whether a business is an Indiana business under subsection (a). The department may consult with the ~~department of commerce~~ **Indiana economic development corporation** to determine whether a particular business meets the requirements of this section and the criteria developed under this subsection.

(c) There are the following price preferences for a contractor that is an Indiana business:

(1) Five percent (5%) for a contract expected by the division to be less than five hundred thousand dollars (\$500,000).

(2) Three percent (3%) for a contract expected by the division to be at least five hundred thousand dollars (\$500,000) but less than one million dollars (\$1,000,000).

(3) One percent (1%) for a contract expected by the division to be

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at least one million dollars (\$1,000,000).

(d) The division shall compute a preference under this section in the same manner that a preference is computed under IC 5-22-15.

(e) Notwithstanding subsection (c), the division shall award a contract to the lowest responsive and responsible contractor, regardless of the preference provided in this section, if:

- (1) the contractor is an Indiana contractor; or
- (2) the contractor is a contractor from a state bordering Indiana and the contractor's home state does not provide a preference to the home state's contractors more favorable than is provided by Indiana law to Indiana contractors.

(f) A contractor that wants to claim a preference provided under this section must do all of the following:

- (1) State in the contractor's bid that the contractor claims the preference provided by this section.
- (2) Provide the following information to the department:
 - (A) The location of the contractor's principal place of business. If the contractor claims the preference as an Indiana business described in subsection (a)(1), a statement explaining the reasons the contractor considers the location named as the contractor's principal place of business.
 - (B) The amount of the contractor's total payroll and the amount of the contractor's payroll paid to Indiana residents.
 - (C) The number of the contractor's employees and the number of the contractor's employees who are Indiana residents.
 - (D) If the contractor claims the preference as an Indiana business described in subsection (a)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.
 - (E) If the contractor claims the preference as an Indiana business described in subsection (a)(5), a description of the substantial positive economic impact the contractor has on Indiana.

(g) This section expires July 1, 2009.

SECTION 19. IC 4-21.5-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. This article does not apply to the following agency actions:

- (1) The issuance of a warrant or jeopardy warrant for the collection of taxes.
- (2) A determination of probable cause or no probable cause by the civil rights commission.
- (3) A determination in a factfinding conference of the civil rights

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commission.

(4) A personnel action, except review of a personnel action by the state employees appeals commission under IC 4-15-2 or a personnel action that is not covered by IC 4-15-2 but may be taken only for cause.

(5) A resolution, directive, or other action of any agency that relates solely to the internal policy, organization, or procedure of that agency or another agency and is not a licensing or enforcement action. Actions to which this exemption applies include the statutory obligations of an agency to approve or ratify an action of another agency.

(6) An agency action related to an offender within the jurisdiction of the department of correction.

(7) A decision of the ~~department of commerce~~; **Indiana economic development corporation**, the department of environmental management, ~~the enterprise zone board~~; the tourist information and grant fund review committee, the Indiana development finance authority, ~~the Indiana business modernization and technology corporation~~; the corporation for innovation development, ~~the Indiana small business development corporation~~; or the lieutenant governor that concerns a grant, loan, bond, tax incentive, or financial guarantee.

(8) A decision to issue or not issue a complaint, summons, or similar accusation.

(9) A decision to initiate or not initiate an inspection, investigation, or other similar inquiry that will be conducted by the agency, another agency, a political subdivision, including a prosecuting attorney, a court, or another person.

(10) A decision concerning the conduct of an inspection, investigation, or other similar inquiry by an agency.

(11) The acquisition, leasing, or disposition of property or procurement of goods or services by contract.

(12) Determinations of the department of workforce development under IC 22-4-18-1(g)(1), IC 22-4-40, or IC 22-4-41.

(13) A decision under IC 9-30-12 of the bureau of motor vehicles to suspend or revoke ~~the a~~ driver's license, a driver's permit, a vehicle title, or a vehicle registration of an individual who presents a dishonored check.

(14) An action of the department of financial institutions under IC 28-1-3.1 or a decision of the department of financial institutions to act under IC 28-1-3.1.

(15) A determination by the NVRA official under IC 3-7-11

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concerning an alleged violation of the National Voter Registration Act of 1993 (42 U.S.C. 1973gg) or IC 3-7.

(16) Imposition of a civil penalty under IC 4-20.5-6-8 if the rules of the Indiana department of administration provide an administrative appeals process.

SECTION 20. IC 4-22-2-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) The Indiana economic development ~~council~~ **corporation** may review and comment on any proposed rule and may suggest alternatives to reduce any regulatory burden that the proposed rule imposes on businesses. The agency that intends to adopt the proposed rule shall respond in writing to the Indiana economic development ~~council~~ **corporation** concerning the ~~council's~~ **corporation's** comments or suggested alternatives before adopting the proposed rule under section 29 of this chapter.

(b) The agency shall also submit a proposed rule with an estimated economic impact greater than five hundred thousand dollars (\$500,000) on the regulated entities to the legislative services agency after the preliminary adoption of the rule. Except as provided in subsection (c), before the adoption of the rule, the legislative services agency shall prepare, not more than forty-five (45) days after receiving a proposed rule, a fiscal analysis concerning the effect that compliance with the proposed rule will have on the:

- (1) state; and
- (2) entities regulated by the proposed rule.

The fiscal analysis must contain an estimate of the economic impact of the proposed rule and a determination concerning the extent to which the proposed rule creates an unfunded mandate on a state agency or political subdivision. The fiscal analysis is a public document. The legislative services agency shall make the fiscal analysis available to interested parties upon request. The agency proposing the rule shall consider the fiscal analysis as part of the rulemaking process and shall provide the legislative services agency with the information necessary to prepare the fiscal analysis. The legislative services agency may also receive and consider applicable information from the regulated entities affected by the rule in preparation of the fiscal analysis.

(c) With respect to a proposed rule subject to IC 13-14-9:

- (1) the department of environmental management shall give written notice to the legislative services agency of the proposed date of preliminary adoption of the proposed rule not less than sixty-six (66) days before that date; and
- (2) the legislative services agency shall prepare the fiscal analysis referred to in subsection (b) not later than twenty-one (21) days

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before the proposed date of preliminary adoption of the proposed rule.

SECTION 21. IC 4-22-2-37.1, AS AMENDED BY P.L.1-2004, SECTION 1, AND AS AMENDED BY P.L.23-2004, SECTION 1, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking action resulting in any of the following rules:

- (1) An order adopted by the commissioner of the Indiana department of transportation under IC 9-20-1-3(d) or IC 9-21-4-7(a) and designated by the commissioner as an emergency rule.
- (2) An action taken by the director of the department of natural resources under IC 14-22-2-6(d) or IC 14-22-6-13.
- (3) An emergency temporary standard adopted by the occupational safety standards commission under IC 22-8-1.1-16.1.
- (4) An emergency rule adopted by the solid waste management board under IC 13-22-2-3 and classifying a waste as hazardous.
- (5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.
- (6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.
- (7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.
- (8) An emergency rule jointly adopted by the water pollution control board and the budget agency under IC 13-18-13-18.
- (9) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.
- (10) A rule adopted under IC 16-19-3-5 that the executive board of the state department of health declares is necessary to meet an emergency.
- (11) An emergency rule adopted by the Indiana transportation finance authority under IC 8-21-12.
- (12) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.
- (13) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.
- (14) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a

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deadline required by federal law, provided:

- (A) the variance procedures are included in the rules; and
- (B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(15) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(16) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(17) An emergency rule adopted by the Indiana gaming commission under IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.

(18) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(19) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(20) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

(21) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.

(22) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.

(23) An emergency rule adopted by the Indiana state board of animal health under IC 15-2.1-18-21.

(24) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.

(25) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34.

(26) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33.

(27) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).

(28) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) or IC 6-1.1-22.5-20.

(29) An emergency rule adopted by the board of the Indiana economic development corporation under IC 5-28-5-8.

(b) The following do not apply to rules described in subsection (a):

- (1) Sections 24 through 36 of this chapter.
- (2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the

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agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the secretary of state for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The secretary of state shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the secretary of state shall:

- (1) accept the rule for filing; and
- (2) file stamp and indicate the date and time that the rule is accepted on every duplicate original copy submitted.

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

- (1) The effective date of the statute delegating authority to the agency to adopt the rule.
- (2) The date and time that the rule is accepted for filing under subsection (e).
- (3) The effective date stated by the adopting agency in the rule.
- (4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), *and except as provided in subsection subsections (j) and (k)*, a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(14), (a)(25), (a)(26), or (a)(28), the rule may be extended by adopting another rule under this section, but only for one (1) extension period. **The extension period for a rule adopted under subsection (a)(29) may not exceed the period for which the original rule was in effect.** A rule adopted under subsection (a)(14) may be extended for two (2) extension periods. *Subject to subsection (j), a rule adopted under subsection (a)(25), (a)(26), or (a)(28) may be extended for an unlimited number of extension periods.* Except for a rule adopted under subsection (a)(14), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

- (1) sections 24 through 36 of this chapter; or
- (2) IC 13-14-9;

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as applicable.

(h) A rule described in subsection (a)(6), (a)(9), or (a)(13) expires on the earlier of the following dates:

- (1) The expiration date stated by the adopting agency in the rule.
- (2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) *A rule described in subsection (a)(25) or (a)(26) expires not later than January 1, 2006.*

(k) A rule described in subsection (a)(29) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

SECTION 22. IC 4-23-20-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. The committee consists of at least six (6) members appointed by the governor and must include representatives of the following:

- (1) The ~~department of commerce~~: **Indiana economic development corporation.**
- (2) The department of workforce development.
- (3) The division of disability, aging, and rehabilitative services.
- (4) The commission on vocational and technical education of the department of workforce development.
- (5) The state human resource investment council.
- (6) The department of education.

SECTION 23. IC 4-33-12-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

- (1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

- (i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or
- (ii) is contiguous to the Ohio River and is the largest city in the county; and

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(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k), sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for

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the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county

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executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

- (A) is located in the county in which the riverboat docks; and
- (B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the ~~department of commerce~~ **Indiana economic development corporation** to be used by the ~~department corporation~~ for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

- (A) Job creation and retention.
- (B) Infrastructure, including water, wastewater, and storm water infrastructure needs.
- (C) Housing.
- (D) Workforce training.

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- (E) Health care.
- (F) Local planning.
- (G) Land use.
- (H) Assistance to regional economic development groups.
- (I) Other regional development issues as determined by the ~~department~~ **Indiana economic development corporation.**

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

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shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
- (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k), sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

- (A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.
- (B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

- (1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;
- (2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;
- (3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and
- (4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

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- (1) deposited in:
 - (A) the county convention and visitor promotion fund; or
 - (B) the county's general fund if the county does not have a convention and visitor promotion fund; and
- (2) used only for the tourism promotion, advertising, and economic development activities of the county and community.
- (g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):
 - (1) is annually appropriated to the division of mental health and addiction;
 - (2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and
 - (3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.
- (h) This subsection applies to the following:
 - (1) Each entity receiving money under subsection (b).
 - (2) Each entity receiving money under subsection (d)(1) through (d)(2).
 - (3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year

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revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) exceed a particular entity's base year revenue; and
- (2) would otherwise be due to the entity under this section;

to the property tax replacement fund instead of to the entity.

SECTION 24. IC 5-10.2-2-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) As used in this section, "high growth company" means a sole proprietorship, firm, corporation, partnership, limited liability company, limited liability partnership, joint venture, trust, syndicate, or other business unit or association that:

- (1) is primarily focused on commercialization of research and development, technology transfers, or the application of new technology or is determined by the ~~department of commerce~~ **Indiana economic development corporation** to have significant potential to:

- (A) bring substantial capital into Indiana;
- (B) create jobs;
- (C) diversify the business base of Indiana; or
- (D) significantly promote the purposes of this chapter in any other way;

- (2) has had an average annual net worth of less than twenty million dollars (\$20,000,000) in each of the last two (2) calendar years; and

- (3) is not engaged in a business involving:

- (A) real estate;
- (B) real estate development;
- (C) insurance;
- (D) professional services provided by an accountant, a lawyer,

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or a physician;

(E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or

(F) gas and oil exploration.

A company that meets the definition of a high growth company under this subsection shall be considered to meet the definition even if affiliated with one (1) or more other companies that do not meet the definition and regardless of whether any of the affiliated companies is engaged in a business involving the matters described in subdivision (3).

(b) As used in this section, "Indiana high growth company" means a high growth company as defined in subsection (a) that:

(1) has its headquarters in Indiana; and

(2) has:

(A) at least fifty percent (50%) of its employees residing in Indiana; or

(B) at least seventy-five percent (75%) of its assets located in Indiana.

(c) If the board decides to allocate part of the fund assets to funds investing in high growth companies, the board is strongly encouraged to establish the following:

(1) A goal for investment in funds investing in Indiana high growth companies of at least twenty-five percent (25%) of the amount allocated to funds investing in high growth companies.

(2) A preference for investments described in subdivision (1) that are started in or assisted by Indiana universities and colleges.

(d) The board has five (5) years after the date the goals in subsection (c) are adopted to achieve the goal percentages.

(e) The board is not required to achieve the goal percentages under subsection (c) if the board, exercising financial and fiduciary prudence, determines that sufficient appropriate investments in privately held equity or debt assets are not available in Indiana.

(f) This section expires July 1, 2013.

SECTION 25. IC 5-11-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine all accounts and all financial affairs of every public office and officer, state office, state institution, and entity.

(b) An examination of an entity deriving:

(1) less than fifty percent (50%); or

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(2) at least fifty percent (50%) but less than one hundred thousand dollars (\$100,000) if the entity is organized as a not-for-profit corporation;

of its disbursements during the period of time subject to an examination from appropriations, public funds, taxes, and other sources of public expense shall be limited to matters relevant to the use of the public money received by the entity.

(c) The examination of an entity described in subsection (b) may be waived or deferred by the state examiner if the state examiner determines in writing that all disbursements of public money during the period subject to examination were made for the purposes for which the money was received. **However, the Indiana economic development corporation created by IC 5-28-3 and the corporation's funds, accounts, and financial affairs shall be examined biennially by the state board of accounts.**

(d) On every examination under this section, inquiry shall be made as to the following:

- (1) The financial condition and resources of each municipality, office, institution, or entity.
- (2) Whether the laws of the state and the uniform compliance guidelines of the state board of accounts established under section 24 of this chapter have been complied with.
- (3) The methods and accuracy of the accounts and reports of the person examined.

The examinations shall be made without notice.

(e) If during an examination of a state office under this chapter the examiner encounters an inefficiency in the operation of the state office, the examiner may comment on the inefficiency in the examiner's report.

(f) The state examiner, deputy examiners, any field examiner, or any private examiner, when engaged in making any examination or when engaged in any official duty devolved upon them by the state examiner, is entitled to do the following:

- (1) Enter into any state, county, city, township, or other public office in this state, or any entity, agency, or instrumentality, and examine any books, papers, documents, or electronically stored information for the purpose of making an examination.
- (2) Have access, in the presence of the custodian or the custodian's deputy, to the cash drawers and cash in the custody of the officer.
- (3) During business hours, examine the public accounts in any depository that has public funds in its custody pursuant to the laws of this state.

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(g) The state examiner, deputy examiner, or any field examiner, when engaged in making any examination authorized by law, may issue subpoenas for witnesses to appear before the examiner in person or to produce books, papers, or other records (including records stored in electronic data processing systems) for inspection and examination. The state examiner, deputy examiner, and any field examiner may administer oaths and examine witnesses under oath orally or by interrogatories concerning the matters under investigation and examination. Under the authority of the state examiner, the oral examinations may be transcribed with the reasonable expense paid by the examined person in the same manner as the compensation of the field examiner is paid. The subpoenas shall be served by any person authorized to serve civil process from any court in this state. If a witness duly subpoenaed refuses to attend, refuses to produce information required in the subpoena, or attends and refuses to be sworn or affirmed, or to testify when called upon to do so, the examiner may apply to the circuit court having jurisdiction of the witness for the enforcement of attendance and answers to questions as provided by the law governing the taking of depositions.

SECTION 26. IC 5-13-12-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The board for depositories shall manage and operate the insurance fund. All expenses incident to the administration of the fund shall be paid out of the money accumulated in it subject to the direction of the board for depositories.

(b) Effective January 1 and July 1 in each year, the board shall before those dates redetermine the amount of the reserve to be maintained by the insurance fund. The establishment or any change in the reserve for losses shall be determined by the board based on a study to be made or updated by actuaries, economists, or other consultants based on the history of losses, earnings on the funds, conditions of the depositories, economic conditions affecting particular depositories or depositories in general, and any other factors that the board considers relevant in making its determination. The reserve determined by the board must be sufficient to ensure the safekeeping and prompt payment of public funds to the extent they are not covered by insurance of any federal deposit insurance agency.

(c) At the end of each biennial period during which depositories have had public funds on deposit under this chapter and paid the assessments levied by the board, the board shall compute its receipts from assessments and all other sources and its expenses and losses and determine the profit derived from the operation of the fund for the period. Until the amount of the reserve for losses has been

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accumulated, all assessments levied for a biennial period shall be retained by the fund. The amount of the assessments, if any, levied by the board shall, to the extent the fund exceeds the reserve for losses at the end of a biennial period commencing July 1 of each ~~odd~~ **odd-numbered** year, be distributed to the depositories that had public funds on deposit during the biennial period in which the assessments were paid. The distribution shall be made to the respective depositories in the proportion that the total assessments paid by each depository during that period bears to the total assessments then paid by all depositories. A distribution to which any closed depository would otherwise be entitled shall be set off against any claim that the insurance fund may have against the closed depository.

(d) The board may invest, reinvest, and exchange investments of the insurance fund in excess of the cash working balance in any of the following:

- (1) In bonds, notes, certificates, and other valid obligations of the United States, either directly or, subject to the limitations in subsection (e), in the form of securities of or other interests in an open-end no-load management-type investment company or investment trust registered under the provisions of the Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).
- (2) In bonds, notes, debentures, and other securities issued by a federal agency or a federal instrumentality and fully guaranteed by the United States either directly or, subject to the limitations in subsection (e), in the form of securities of or other interests in an open-end no-load management-type investment company or investment trust registered under the provisions of the Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).
- (3) In bonds, notes, certificates, and other valid obligations of a state, or of an Indiana political subdivision that are issued under law, the issuers of which, for five (5) years before the date of the investment, have promptly paid the principal and interest on their bonds and other legal obligations.
- (4) In bonds or other obligations of the state office building commission.
- (5) In investments permitted the state under IC 5-13-10.5.
- (6) In guarantees of industrial development obligations or credit enhancement obligations, or both, for the purposes of retaining and increasing employment in enterprises in Indiana, subject to the limitations and conditions set out in this subdivision, subsection (e), and section 8 of this chapter. An individual guarantee of the board under this subdivision must not exceed

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eight million dollars (\$8,000,000).

(7) In guarantees of bonds or notes issued under IC 5-1.5-4-1, subject to the limitations and conditions set out in subsection (e) and section 8 of this chapter.

(8) In bonds, notes, or other valid obligations of the Indiana development finance authority that have been issued in conjunction with the authority's acquisition, development, or improvement of property or other interests for an industrial development project (as defined in IC 4-4-10.9-11) that the authority has undertaken for the purposes of retaining or increasing employment in existing or new enterprises in Indiana, subject to the limitations in subsection (e).

(9) In notes or other debt obligations of counties, cities, and towns that have been issued under IC 6-1.1-39 for borrowings from the industrial development fund under ~~IC 4-4-8~~ **IC 5-28-9** for purposes of retaining or increasing employment in existing or new enterprises in Indiana, subject to the limitations in subsection (e).

(10) In bonds or other obligations of the Indiana housing finance authority.

(e) The investment authority of the board under subsection (d) is subject to the following limitations:

(1) For investments under ~~subsections~~ **subsection** (d)(1) and (d)(2), the portfolio of an open-end no-load management-type investment company or investment trust must be limited to:

(A) direct obligations of the United States and obligations of a federal agency or a federal instrumentality that are fully guaranteed by the United States; and

(B) repurchase agreements fully collateralized by obligations described in clause (A), of which the company or trust takes delivery either directly or through an authorized custodian.

(2) Total outstanding investments in guarantees of industrial development obligations and credit enhancement obligations under subsection (d)(6) must not exceed the greater of:

(A) ten percent (10%) of the available balance of the insurance fund; or

(B) fourteen million dollars (\$14,000,000).

(3) Total outstanding investments in guarantees of bond bank obligations under subsection (d)(7) must not exceed the greater of:

(A) twenty percent (20%) of the available balance of the insurance fund; or

(B) twenty-four million dollars (\$24,000,000).

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(4) Total outstanding investments in bonds, notes, or other obligations of the Indiana development finance authority under subsection (d)(8) may not exceed the greater of:

- (A) fifteen percent (15%) of the available balance of the insurance fund; or
- (B) twenty million dollars (\$20,000,000).

However, after June 30, 1988, the board may not make any additional investment in bonds, notes, or other obligations of the Indiana development finance authority, and the board may invest an amount equal to the remainder, if any, of:

- (i) fifteen percent (15%) of the available balance of the insurance fund; minus
- (ii) the board's total outstanding investments in bonds, notes, or other obligations of the Indiana development finance authority;

in guarantees of industrial development obligations or credit enhancement obligations, or both, as authorized by subsection (d)(6). In such a case, the outstanding investments, as authorized by ~~subsections~~ **subsection** (d)(6) and (d)(8), may not exceed in total the greater of twenty-five percent (25%) of the available balance of the insurance fund or thirty-four million dollars (\$34,000,000).

(5) Total outstanding investments in notes or other debt obligations of counties, cities, and towns under subsection (d)(9) may not exceed the greater of:

- (A) ten percent (10%) of the available balance of the insurance fund; or
- (B) twelve million dollars (\$12,000,000).

(f) For purposes of subsection (e), the available balance of the insurance fund does not include the outstanding principal amount of any fund investment in a corporate note or obligation or the ~~portion~~ **part** of the fund that has been established as a reserve for losses.

(g) Except as provided in section 4 of this chapter, all interest and other income earned on investments of the insurance fund and all amounts collected by the board accrue to the fund.

(h) Members of the board and any officers or employees of the board are not subject to personal liability or accountability by reason of any investment in any of the obligations listed in subsection (d).

(i) The board shall, when directed by the state board of finance constituted by IC 4-9.1-1-1, purchase the loan made by the state board of finance ~~pursuant to~~ **under** IC 4-10-18-10(i). The loan shall be purchased by the board at a purchase price equal to the total of:

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- (1) the principal amount of the loan;
- (2) the deferred interest payable ~~thereon~~; **on the loan**; and
- (3) accrued interest to the date of purchase by the board.

Members of the board and any officers or employees of the board are not subject to personal liability or accountability by reason of the purchase of the loan under this subsection.

SECTION 27. IC 5-13-12-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) In addition to the authority given the board for depositories in section 7 of this chapter, the board may lend, from that ~~portion~~ **part** of the insurance fund reserved for economic development, to any commuter transportation district that is established under IC 8-5-15 an amount not to exceed two million six hundred thousand dollars (\$2,600,000).

(b) The board of trustees of a district that receives a loan under this section shall do the following:

- (1) Use the loan proceeds only for paying or reimbursing the following costs and expenses of the district:
 - (A) Property and casualty insurance premiums.
 - (B) Trackage lease payments.
 - (C) Traction power expenses.
 - (D) Conducting a study of commuter transportation within the district under P.L.48-1986.
 - (E) Any expenses incurred by the district in the ordinary course of providing commuter rail service.
- (2) Develop a financial plan for commuter rail service within the district for each year during the loan period. The financial plan must contain the elements prescribed in, and be subject to review and approval under, subsection (c).
- (3) Repay the loan in eight (8) annual installments on dates determined by the board for depositories, subject to the following conditions:
 - (A) The first payment must be made on July 1, 1988.
 - (B) Each annual payment must equal one-eighth (1/8) of the principal of the loan plus interest at a rate determined by the board for depositories. The rate of interest must not be:
 - (i) lower than the lowest interest rate set by the state board of finance for a loan under IC 4-4-8-8 (**transferred to IC 5-28-9-15**) before April 1, 1986; or
 - (ii) greater than the average yield on investments made by the board in January, February, and March of 1986.
- (4) As required by subsection (d), report annually to the board for depositories on compliance with the financial plan developed

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under subsection (c).

(5) Notwithstanding subdivision (3), pledge to repay the balance of the loan plus interest at a time and in a manner specified by the board for depositories whenever the board for depositories determines that one (1) of the following has occurred:

(A) The board of trustees of the district has failed to develop a financial plan that substantially complies with subsection (c).

(B) There has not been substantial compliance with a financial plan.

(C) The board of trustees of the district has failed to make a payment on the date established under subdivision (3).

If repayment is required under this subdivision, the treasurer of state shall transfer the amount necessary to the insurance fund from the allocation to the district from the public mass transportation fund for the remainder of the state fiscal year in which the repayment is required. If the amount transferred from the allocation is insufficient, the balance shall be transferred from the commuter rail service fund until the repayment is complete.

(c) Before December 1 of each year, the board of trustees of a district receiving a loan under this section shall submit to the board for depositories, the Indiana department of transportation, and the budget committee a financial plan for the following calendar year. The plan must provide for an annual operating budget under which expenses do not exceed revenues from all sources. The financial plan may identify supplemental revenue sources from within the district that will be dedicated during the year to commuter rail service in the district. Within sixty (60) days after the plan is submitted, the board for depositories shall determine if the financial plan complies with this subsection. In making its determination, the board for depositories shall consider the recommendations of the budget committee, which shall base its recommendations on the department of transportation's evaluation of the financial plan.

(d) Before April 1 of the second calendar year after a loan under this section is made and before April 1 of each year thereafter, the board of trustees of a district receiving a loan shall submit to the board for depositories, the Indiana department of transportation, and the budget committee a report covering the preceding calendar year. The report must summarize the district's compliance with the financial plan submitted under subsection (c) and must contain other information as the board for depositories may require. Before July 1 of that year, the board for depositories shall determine if the district has substantially complied with the financial plan. In making its determination, the

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board for depositories shall consider the recommendations of the budget committee, which shall base its recommendations on the Indiana department of transportation's evaluation of the report.

(e) After January 1, 1988, the board for depositories and the board of trustees of a district receiving a loan under this section may agree to an early repayment of the loan. If an early repayment is agreed to, the board for depositories may guarantee a loan obtained by the board of trustees under conditions established by the board for depositories. These conditions may include the requirement that the district pledge to repay from its allocations from the public mass transportation fund and the commuter rail fund service any loss sustained by the insurance fund as a result of the guarantee.

SECTION 28. IC 5-14-1.5-6.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.1. (a) As used in this section, "public official" means a person:

- (1) who is a member of a governing body of a public agency; or
 - (2) whose tenure and compensation are fixed by law and who executes an oath.
- (b) Executive sessions may be held only in the following instances:
- (1) Where authorized by federal or state statute.
 - (2) For discussion of strategy with respect to any of the following:
 - (A) Collective bargaining.
 - (B) Initiation of litigation or litigation that is either pending or has been threatened specifically in writing.
 - (C) The implementation of security systems.
 - (D) The purchase or lease of real property by the governing body up to the time a contract or option to purchase or lease is executed by the parties.

However, all such strategy discussions must be necessary for competitive or bargaining reasons and may not include competitive or bargaining adversaries.

- (3) For discussion of the assessment, design, and implementation of school safety and security measures, plans, and systems.
- (4) Interviews with industrial or commercial prospects or agents of industrial or commercial prospects by the ~~department of commerce~~, **Indiana economic development corporation**, the Indiana development finance authority, ~~the film commission~~, ~~the Indiana business modernization and technology corporation~~, or economic development commissions.
- (5) To receive information about and interview prospective employees.
- (6) With respect to any individual over whom the governing body

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has jurisdiction:

(A) to receive information concerning the individual's alleged misconduct; and

(B) to discuss, before a determination, the individual's status as an employee, a student, or an independent contractor who is:

(i) a physician; or

(ii) a school bus driver.

(7) For discussion of records classified as confidential by state or federal statute.

(8) To discuss before a placement decision an individual student's abilities, past performance, behavior, and needs.

(9) To discuss a job performance evaluation of individual employees. This subdivision does not apply to a discussion of the salary, compensation, or benefits of employees during a budget process.

(10) When considering the appointment of a public official, to do the following:

(A) Develop a list of prospective appointees.

(B) Consider applications.

(C) Make one (1) initial exclusion of prospective appointees from further consideration.

Notwithstanding IC 5-14-3-4(b)(12), a governing body may release and shall make available for inspection and copying in accordance with IC 5-14-3-3 identifying information concerning prospective appointees not initially excluded from further consideration. An initial exclusion of prospective appointees from further consideration may not reduce the number of prospective appointees to fewer than three (3) unless there are fewer than three (3) prospective appointees. Interviews of prospective appointees must be conducted at a meeting that is open to the public.

(11) To train school board members with an outside consultant about the performance of the role of the members as public officials.

(12) To prepare or score examinations used in issuing licenses, certificates, permits, or registrations under IC 15-5-1.1 or IC 25.

(c) A final action must be taken at a meeting open to the public.

(d) Public notice of executive sessions must state the subject matter by specific reference to the enumerated instance or instances for which executive sessions may be held under subsection (b). The requirements stated in section 4 of this chapter for memoranda and minutes being

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made available to the public is modified as to executive sessions in that the memoranda and minutes must identify the subject matter considered by specific reference to the enumerated instance or instances for which public notice was given. The governing body shall certify by a statement in the memoranda and minutes of the governing body that no subject matter was discussed in the executive session other than the subject matter specified in the public notice.

(e) A governing body may not conduct an executive session during a meeting, except as otherwise permitted by applicable statute. A meeting may not be recessed and reconvened with the intent of circumventing this subsection.

SECTION 29. IC 5-14-3-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) Records relating to negotiations between the Indiana economic development corporation and industrial, research, or commercial prospects are excepted from section 3 of this chapter at the discretion of the corporation if the records are created while negotiations are in progress.**

(b) Notwithstanding subsection (a), the terms of the final offer of public financial resources communicated by the corporation to an industrial, a research, or a commercial prospect shall be available for inspection and copying under section 3 of this chapter after negotiations with that prospect have terminated.

(c) When disclosing a final offer under subsection (b), the corporation shall certify that the information being disclosed accurately and completely represents the terms of the final offer.

SECTION 30. IC 5-19-1.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. Notwithstanding anything to the contrary in ~~IC 4-4-7~~, **IC 5-28-8**, the Indiana ~~department of commerce~~ **economic development corporation** may make grant anticipation loans as authorized by this chapter from the fund ~~created~~ **established** by ~~IC 4-4-7~~, **IC 5-28-8-5**.

SECTION 31. IC 5-22-14-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A governmental body may adopt rules to implement this chapter. The Indiana department of administration shall adopt rules under IC 4-22-2 to implement this chapter.

(b) The rules adopted by a governmental body must establish criteria for determining qualifications as a small business. In establishing criteria, the rules may use any standards established for determination of small business status that are used by an agency of the federal government. A governmental body may also receive assistance

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from the Indiana ~~department of commerce~~ **economic development corporation** to establish criteria or to implement the rules.

(c) The rules adopted by a governmental body may consider the number of employees employed by an offeror and the dollar volume of the offeror's business. The rules must provide that when computing the size of an offeror, the annual sales and receipts of the offeror and all of its affiliates must be included.

(d) The rules adopted by a governmental body must include the following criteria:

- (1) A wholesale business is not a small business if its annual sales for its most recently completed fiscal year exceed four million dollars (\$4,000,000).
- (2) A construction business is not a small business if its average annual receipts for the preceding three (3) fiscal years exceed four million dollars (\$4,000,000).
- (3) A retail business or business selling services is not a small business if its annual sales and receipts exceed five hundred thousand dollars (\$500,000).
- (4) A manufacturing business is not a small business if it employs more than one hundred (100) persons.

SECTION 32. IC 5-22-14-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. The ~~department of commerce~~ **Indiana economic development corporation** may assist a governmental body in doing any of the following:

- (1) Compiling and maintaining a comprehensive list of small businesses.
- (2) Assisting small businesses in complying with the procedures for bidding on governmental contracts.
- (3) Examining requests from governmental bodies for the purchase of supplies to help determine which purchases are to be designated small business set-asides.
- (4) Simplifying specifications and contract terms to increase the opportunities for small business participation in governmental contracts.
- (5) Investigations by a governmental body to determine the responsibility of offerors on small business set-asides.

SECTION 33. IC 5-22-15-20.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20.5. (a) This section applies only to a contract awarded by a state agency.

(b) As used in this section, "Indiana business" refers to any of the following:

- (1) A business whose principal place of business is located in

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Indiana.

(2) A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.

(3) A business that employs Indiana residents as a majority of its employees.

(4) A business that makes significant capital investments in Indiana.

(5) A business that has a substantial positive economic impact on Indiana as defined by criteria developed under subsection (c).

(c) The Indiana department of administration shall consult with the ~~department of commerce~~ **Indiana economic development corporation** in developing criteria for determining whether a business is an Indiana business under ~~subsection (a)~~: **subsection (b)**. The Indiana department of administration may consult with the ~~department of commerce~~ **Indiana economic development corporation** to determine whether a particular business meets the requirements of this section and the criteria developed under this subsection.

(d) There are the following price preferences for supplies purchased from an Indiana business:

(1) Five percent (5%) for a purchase expected by the state agency to be less than five hundred thousand dollars (\$500,000).

(2) Three percent (3%) for a purchase expected by the state agency to be at least five hundred thousand dollars (\$500,000) but less than one million dollars (\$1,000,000).

(3) One percent (1%) for a purchase expected by the state agency to be at least one million dollars (\$1,000,000).

(e) Notwithstanding subsection (d), a state agency shall award a contract to the lowest responsive and responsible offeror, regardless of the preference provided in this section, if:

(1) the offeror is an Indiana business; or

(2) the offeror is a business from a state bordering Indiana and the business's home state does not provide a preference to the home state's businesses more favorable than is provided by Indiana law to Indiana businesses.

(f) A business that wants to claim a preference provided under this section must do all of the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the department:

(A) The location of the business's principal place of business.
If the business claims the preference as an Indiana business described in subsection (b)(1), a statement explaining the

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reasons the business considers the location named as the business's principal place of business.

(B) The amount of the business's total payroll and the amount of the business's payroll paid to Indiana residents.

(C) The number of the business's employees and the number of the business's employees who are Indiana residents.

(D) If the business claims the preference as an Indiana business described in subsection (b)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (b)(5), a description of the substantial positive economic impact the business has on Indiana.

(g) This section expires July 1, 2009.

SECTION 34. IC 5-28 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 28. INDIANA ECONOMIC DEVELOPMENT CORPORATION

Chapter 1. Purpose

Sec. 1. (a) It is the intent of the general assembly to improve the quality of life for the citizens of Indiana by encouraging the:

- (1) diversification of Indiana's economy and the orderly economic development and growth of Indiana;**
- (2) creation of new jobs;**
- (3) retention of existing jobs;**
- (4) growth and modernization of existing industry; and**
- (5) promotion of Indiana.**

(b) The general assembly finds the following:

- (1) Certain activities associated with the functions listed in subsection (a) may not work properly with the traditional responsibilities and activities of state agencies.**
- (2) The functions listed in subsection (a) can be achieved most efficiently by a body politic and corporate that:**
 - (A) serves the interests of the state by carrying out the programs set forth in this article;**
 - (B) is free from certain administrative restrictions that would hinder its performance; and**
 - (C) possesses broad powers designed to maximize the state's economic development efforts.**

(3) The corporation established by this article will:

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- (A) lead the state's economic development efforts;
 - (B) carry out the programs under this article, including the providing of grants and loans; and
 - (C) perform other essential public services for the state.
- (4) In return for the corporation's economic development efforts to carry out the functions listed in subsection (a), the general assembly should appropriate state funds to the corporation.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Board" refers to the board of the corporation established under IC 5-28-4.

Sec. 3. Except as otherwise provided, "corporation" refers to the Indiana economic development corporation established by IC 5-28-3-1.

Sec. 4. "Economic development" refers to the purposes described in IC 5-28-1-1.

Sec. 5. "Secretary of commerce" refers to the secretary of commerce appointed under IC 5-28-3-4(a).

Chapter 3. Indiana Economic Development Corporation

Sec. 1. The Indiana economic development corporation is established.

Sec. 2. (a) The corporation is a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions.

(b) The corporation and the corporation's funds, accounts, and financial affairs shall be examined biennially by the state board of accounts under IC 5-11.

Sec. 3. Employees of the corporation are not employees of the state.

Sec. 4. (a) The governor shall appoint the secretary of commerce, who shall serve at the pleasure of the governor. The secretary of commerce is the chief executive officer of the corporation.

(b) The governor shall appoint the president of the corporation, who shall serve at the pleasure of the governor. The president shall report to the secretary of commerce.

Chapter 4. Corporation Board

Sec. 1. The corporation shall be governed by a board.

Sec. 2. (a) The board is composed of the following twelve (12) members, none of whom may be members of the general assembly:

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(1) The governor.

(2) Eleven (11) individuals appointed by the governor.

The individuals appointed under subdivision (2) must be employed in or retired from the private or nonprofit sector or academia.

(b) When making appointments under subsection (a)(2), the governor shall appoint the following:

(1) At least five (5) members belonging to the same political party as the governor.

(2) At least three (3) members who belong to a major political party (as defined in IC 3-5-2-30) other than the party of which the governor is a member.

Sec. 3. (a) The term of office of an appointed member of the board is four (4) years.

(b) Each member holds office for the term of appointment and continues to serve after expiration of the appointment until a successor is appointed and qualified. A member is eligible for reappointment.

(c) Members of the board appointed under section 2(a)(2) of this chapter serve at the pleasure of the governor.

Sec. 4. The governor shall serve as chairperson of the board.

Sec. 5. The members of the board are entitled to a salary per diem for attending meetings equal to the per diem provided by law for members of the general assembly. The members of the board are also entitled to receive reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the members' duties as approved by the budget agency.

Sec. 6. Seven (7) members constitute a quorum for the transaction of business. The affirmative vote of at least seven (7) members is necessary for action to be taken by the board. Members may not vote by proxy.

Sec. 7. Meetings of the board shall be held at the call of the chairperson or whenever any six (6) voting members request a meeting. The members shall meet at least once every three (3) months to attend to the business of the board.

Chapter 5. General Powers

Sec. 1. The corporation shall carry out the economic development functions of the state in conformity with the laws enacted by the general assembly.

Sec. 2. The corporation is granted all powers necessary or appropriate to carry out the corporation's public and corporate purposes under this chapter.

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Sec. 3. (a) Subject to approval by the budget agency, the corporation may, without the approval of the attorney general, employ legal counsel, technical experts, and other officers, agents, and employees, permanent or temporary, the corporation considers necessary to carry out the efficient operation of the corporation.

(b) Subject to approval by the budget agency, the corporation may enter into contracts without the approval of the attorney general.

Sec. 4. (a) The corporation shall determine qualifications, duties, compensation, and terms of service for persons employed by the corporation as employees or as independent contractors.

(b) The board may adopt a resolution providing that the corporation's employees who are eligible to participate in the public employees' retirement fund under the eligibility requirements set forth in IC 5-10.2 and IC 5-10.3 shall participate in the fund.

(c) The board may adopt a resolution to allow the corporation's employees to participate in group insurance and other benefit plans, including the state employees' deferred compensation plan, that are available to state employees.

Sec. 5. The board and the employees of the corporation are:

- (1)** under the jurisdiction of and rules adopted by the state ethics commission; and
- (2)** subject to ethics rules and requirements that apply to the executive branch of state government.

However, the board may adopt additional ethics rules and requirements that are more stringent than those adopted by the state ethics commission.

Sec. 6. The board shall establish an advisory committee to advise the board and the corporation on issues determined by the board. The advisory committee must:

- (1)** have members that represent diverse geographic areas and economic sectors of Indiana; and
- (2)** include members or representatives of local economic development organizations.

Sec. 7. For purposes of IC 34-13-2, IC 34-13-3, and IC 34-13-4, the board and the employees of the corporation are public employees (as defined in IC 34-6-2-38).

Sec. 8. The corporation shall adopt rules under IC 4-22-2 to carry out its duties under this article. The board may also adopt emergency rules under IC 4-22-2-37.1 to carry out its duties under

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this article.

Sec. 9. Except as specifically provided by law, the corporation and the board are subject to IC 5-14-1.5 and IC 5-14-3.

Sec. 10. An employee of the corporation is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the employee's duties as approved by the budget agency.

Sec. 11. The corporation may request appropriations from the general assembly to:

- (1) carry out the corporation's duties under this article; and
- (2) fund economic development and job creation programs.

Sec. 12. (a) The Indiana promotion fund is established within the state treasury.

(b) Except as provided in section 13 of this chapter, the corporation shall deposit the following in the fund:

- (1) All funding received from the private sector under IC 5-28-6-1(6).
- (2) All other gifts, donations, bequests, devises, and contributions received by the corporation.

(c) The corporation shall administer the fund. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) Except as provided in the terms of a gift, a donation, a contribution, a bequest, a devise, or other private sector funding, money in the fund may be used at the discretion of the board to carry out in any manner the corporation's purposes under this article.

(f) Money in the fund may be transferred to any fund administered by the corporation.

(g) Money in the fund is continuously appropriated to the corporation for the purposes of this article.

Sec. 13. (a) Notwithstanding section 12 of this chapter, the board may establish a nonprofit subsidiary corporation to solicit and accept private sector funding, gifts, donations, bequests, devises, and contributions.

(b) A subsidiary corporation established under this section:

- (1) must use money received under subsection (a) to carry out in any manner the purposes and programs under this article;

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(2) must report to the budget committee each year concerning:

- (A) the use of money received under subsection (a); and
- (B) the balances in any accounts or funds established by the subsidiary corporation; and

(3) may deposit money received under subsection (a) in an account or fund that is:

- (A) administered by the subsidiary corporation; and
- (B) not part of the state treasury.

(c) The state board of accounts shall annually audit a subsidiary corporation established under this section.

Chapter 6. Duties

Sec. 1. The corporation shall do the following:

- (1) Create and regularly update a strategic economic development plan.
- (2) Establish strategic benchmarks and performance measures.
- (3) Monitor and report on Indiana's economic performance.
- (4) Market Indiana to businesses worldwide.
- (5) Assist Indiana businesses that want to grow.
- (6) Solicit funding from the private sector for selected initiatives.
- (7) Provide for the orderly economic development and growth of Indiana.
- (8) Establish and coordinate the operation of programs commonly available to all citizens of Indiana to implement a strategic plan for the state's economic development and enhance the general welfare.
- (9) Evaluate and analyze the state's economy to determine the direction of future public and private actions, and report and make recommendations to the general assembly in an electronic format under IC 5-14-6 with respect to the state's economy.

Sec. 2. (a) The corporation shall develop and promote programs designed to make the best use of Indiana resources to ensure a balanced economy and continuing economic growth for Indiana, and, for those purposes, may do the following:

- (1) Cooperate with federal, state, and local governments and agencies in the coordination of programs to make the best use of Indiana resources.
- (2) Receive and expend funds, grants, gifts, and contributions of money, property, labor, interest accrued from loans made

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by the corporation, and other things of value from public and private sources, including grants from agencies and instrumentalities of the state and the federal government. The corporation:

- (A) may accept federal grants for providing planning assistance, making grants, or providing other services or functions necessary to political subdivisions, planning commissions, or other public or private organizations;
 - (B) shall administer these grants in accordance with the terms of the grants; and
 - (C) may contract with political subdivisions, planning commissions, or other public or private organizations to carry out the purposes for which the grants were made.
- (3) Direct that assistance, information, and advice regarding the duties and functions of the corporation be given to the corporation by an officer, agent, or employee of the executive branch of the state. The head of any other state department or agency may assign one (1) or more of the department's or agency's employees to the corporation on a temporary basis or may direct a division or an agency under the department's or agency's supervision and control to make a special study or survey requested by the corporation.
- (b) The corporation shall perform the following duties:
- (1) Develop and implement industrial development programs to encourage expansion of existing industrial, commercial, and business facilities in Indiana and to encourage new industrial, commercial, and business locations in Indiana.
 - (2) Assist businesses and industries in acquiring, improving, and developing overseas markets and encourage international plant locations in Indiana. The corporation, with the approval of the governor, may establish foreign offices to assist in this function.
 - (3) Promote the growth of minority business enterprises by doing the following:
 - (A) Mobilizing and coordinating the activities, resources, and efforts of governmental and private agencies, businesses, trade associations, institutions, and individuals.
 - (B) Assisting minority businesses in obtaining governmental or commercial financing for expansion or establishment of new businesses or individual development projects.
 - (C) Aiding minority businesses in procuring contracts

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from governmental or private sources, or both.

(D) Providing technical, managerial, and counseling assistance to minority business enterprises.

(4) Assist the office of the lieutenant governor in:

(A) community economic development planning;

(B) implementation of programs designed to further community economic development; and

(C) the development and promotion of Indiana's tourist resources.

(5) Assist the commissioner of agriculture in promoting and marketing of Indiana's agricultural products and provide assistance to the commissioner of agriculture.

(6) With the approval of the governor, implement federal programs delegated to the state to carry out the purposes of this article.

(7) Promote the growth of small businesses by doing the following:

(A) Assisting small businesses in obtaining and preparing the permits required to conduct business in Indiana.

(B) Serving as a liaison between small businesses and state agencies.

(C) Providing information concerning business assistance programs available through government agencies and private sources.

(8) Assist the Indiana commission for agriculture and rural development in performing its functions under IC 4-4-22.

(9) Establish a public information page on its current Internet site on the world wide web. The page must provide the following:

(A) By program, cumulative information on the total amount of incentives awarded, the total number of companies that received the incentives and were assisted in a year, and the names and addresses of those companies.

(B) A mechanism on the page whereby the public may request further information online about specific programs or incentives awarded.

(C) A mechanism for the public to receive an electronic response.

(c) The corporation may do the following:

(1) Disseminate information concerning the industrial, commercial, governmental, educational, cultural, recreational, agricultural, and other advantages of Indiana.

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- (2) Plan, direct, and conduct research activities.
- (3) Assist in community economic development planning and the implementation of programs designed to further community economic development.

Chapter 7. Training 2000 Program and Fund

Sec. 1. As used in this chapter, "business" includes an entity that has the objective of supplying a service or an article of trade or commerce.

Sec. 2. The corporation shall do the following:

(1) Establish policies to carry out a training assistance program, the purpose of which is to provide assistance to the following:

- (A) New or expanding businesses, for the training of potential employees and the retraining and upgrading of the skills of potential employees.
- (B) Businesses in Indiana, for the retraining and upgrading of employees' skills required to support new capital investment.
- (C) Businesses in Indiana, for the development of basic workforce skills of employees, including the following:
 - (i) Literacy.
 - (ii) Communication skills.
 - (iii) Computational skills.
 - (iv) Other transferable workforce skills approved by the corporation.

(2) Provide promotional materials regarding the training program.

(3) Determine the eligibility of an industry for the training program.

(4) Require a commitment by a business receiving training assistance under this chapter to continue operations at a site on which the training assistance is used for at least five (5) years after the date the training assistance expires. If a business fails to comply with this commitment, the corporation shall require the business to repay the training assistance provided to the business under this chapter.

Sec. 3. The corporation may do the following:

- (1) Adopt policies and guidelines necessary to carry out this chapter.
- (2) Accept money and other things of value from all sources to carry out the purposes of the training program.
- (3) Provide services and materials in order to carry out the

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purposes of the training program.

(4) Develop or assist in the development of training plans.

(5) Evaluate the training program with respect to the program's impact on the improvement of workforce skills, job creation, and job retention.

(6) Involve other entities, by contract or otherwise, in carrying out the purposes of the training program.

Sec. 4. Participation in the training program is limited to businesses that:

(1) meet the eligibility requirements of the corporation; and

(2) comply with this chapter.

Sec. 5. (a) The training 2000 fund is established within the state treasury to be used exclusively for the purposes of this chapter.

(b) The fund consists of appropriations from the general assembly.

(c) The corporation shall administer the fund. The following may be paid from money in the fund:

(1) Expenses of administering the fund.

(2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

Chapter 8. Economic Development Fund

Sec. 1. As used in this chapter, "federal agency" means the Economic Development Administration of the United States Department of Commerce.

Sec. 2. As used in this chapter, "federal program" means a federal loan or grant program that promotes economic development.

Sec. 3. As used in this chapter, "fund" refers to the economic development fund established by section 5 of this chapter.

Sec. 4. As used in this chapter, "qualified entity" means the state, a political subdivision of the state, an agency of the state or a political subdivision of the state, a nonprofit corporation, or the Indiana development finance authority established under IC 4-4-10.9 and IC 4-4-11.

Sec. 5. (a) The economic development fund is established within the state treasury. The fund is a revolving fund to provide grants and loans for economic development activities in Indiana for the purposes of this chapter.

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(b) The fund consists of appropriations from the general assembly and loan repayments.

(c) The corporation shall administer the fund. The following may be paid from money in the fund:

- (1) Expenses of administering the fund.
- (2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(d) Earnings from loans made under this chapter shall be deposited in the fund.

(e) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund.

Sec. 6. (a) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(b) The treasurer of state shall also:

- (1) receive cash receipts belonging to the fund, deposit these amounts in the fund, and submit a monthly report to the corporation of these transactions; and
- (2) make payments on vouchers authorized by the corporation.

Sec. 7. The auditor of state shall draw warrants on the treasurer of state in payment of properly prepared vouchers signed by the president of the corporation or the president's designee.

Sec. 8. (a) The corporation shall receive grants allocated by a federal program for the purposes specified in section 9(c) of this chapter. Guidelines shall be prepared by the corporation enumerating the qualification procedures for receipt of grants and loans from the fund. These guidelines must be consistent with Indiana law and federal program requirements.

(b) The board, with the approval of the budget agency and the governor, shall allocate parts of the fund for the purposes specified in section 9(c) of this chapter. The corporation shall make allocations on the basis of the need of the qualified entity.

(c) The corporation shall keep complete sets of records showing all transactions by the fund in a manner that enables the corporation to prepare at the end of each fiscal year a complete report for the general assembly. The information in the report must be sufficient to permit a complete review and understanding of the operation and financial condition of the fund. The report must be submitted in electronic format under IC 5-14-6.

Sec. 9. (a) If federal money will not be used in conjunction with

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fund money, a qualified entity that wants a grant from the fund must submit an application for the grant to the corporation. The corporation shall review the application and may approve the application if the activities for which the grant money is to be used are activities:

(1) that the qualified entity has statutory authority to perform; and

(2) for which this chapter permits fund money to be used.

(b) When fund money is to be used to match federal money, a qualified entity that wants a grant must submit to the corporation an application for a grant under the federal program. The corporation shall review the application and shall submit the application to the federal agency if the corporation finds that the activities for which the grant money is to be used are activities:

(1) that the qualified entity has statutory authority to perform; and

(2) for which the federal program permits money to be used.

Before submitting an application to the federal agency, the corporation must also approve the completeness and technical accuracy of the qualified entity's application.

(c) Money from the fund and money from a federal program may be used for the following projects:

(1) Public works.

(2) Technical assistance.

(3) Economic adjustment assistance.

(4) Other economic development programs.

(d) If the qualified entity proposes to use its money for a loan program, the application from the qualified entity must contain the conditions under which loans will be made and the interest rate that will be charged.

Sec. 10. (a) A qualified entity may apply to the corporation for a loan from the fund to be used for economic development programs.

(b) An amount loaned to a qualified entity is an obligation of the qualified entity and shall be repaid to the corporation within a time to be fixed by the corporation, not to exceed three (3) years.

(c) The corporation shall determine interest rates for the loans to be made under this section.

(d) Final disbursements of money under this section must be made with the approval of the state board of finance.

(e) If a qualified entity fails to make repayment of money loaned under this section, the amount payable may be:

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- (1) withheld by the auditor of state from money payable to the qualified entity and transferred to the fund; or
- (2) recovered in an action by the state on relation of the corporation, prosecuted by the attorney general, in the circuit or superior court of the county in which the qualified entity is located.

Chapter 9. Industrial Development Program and Fund

Sec. 1. As used in this chapter, "enterprise zone" means an enterprise zone created under IC 5-28-15 (or IC 4-4-6.1 before its repeal).

Sec. 2. As used in this chapter, "governing body" means the legislative body of a city, town, or county, an economic development commission, or a board administering the affairs of a special taxing district.

Sec. 3. As used in this chapter, "industrial development program" means a program designed to aid the growth of industry in Indiana and includes the:

- (1) construction of airports, airport facilities, and tourist attractions;
- (2) construction, extension, or completion of sewerlines, waterlines, streets, sidewalks, bridges, roads, highways, public ways, and information and high technology infrastructure;
- (3) leasing or purchase of property, both real and personal; and
- (4) preparation of surveys, plans, and specifications for the construction of publicly owned and operated facilities, utilities, and services.

Sec. 4. As used in this chapter, "information and high technology infrastructure" includes, but is not limited to, fiber optic cable and other infrastructure that supports high technology growth and the purchase and installation of fiber optic cable and other infrastructure.

Sec. 5. As used in this chapter, "minority enterprise small business investment company" means an investment company licensed under 15 U.S.C. 681(D).

Sec. 6. As used in this chapter, "qualified entity" means a city, a town, a county, an economic development commission, or a special taxing district.

Sec. 7. As used in this chapter, "small business investment company" means an investment company licensed under 15 U.S.C. 691 et seq. or a successor statute.

Sec. 8. The general assembly finds that:

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- (1) areas in Indiana have insufficient employment opportunities and insufficient diversification of industry;
- (2) these conditions are harmful to the health, prosperity, economic stability, and general welfare of these areas and, if not remedied, will be detrimental to the development of these areas; and
- (3) the use of money under this chapter and the fostering of industrial development programs serves a public purpose.

Sec. 9. (a) The industrial development fund is established within the state treasury. Loans may be made to qualified entities, small business investment companies, and minority enterprise small business investment companies in accordance with this chapter and the policies and guidelines adopted under it.

(b) The fund consists of appropriations from the general assembly and loan repayments.

(c) The corporation and the state board of finance shall jointly administer the fund. The following may be paid from money in the fund:

- (1) Expenses of administering the fund.
- (2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(d) Earnings from loans made under this chapter shall be deposited in the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(f) The corporation, subject to the approval of the state board of finance, may adopt policies and guidelines for the proper administration of the fund and this chapter. The corporation may employ personnel necessary to efficiently administer this chapter.

Sec. 10. (a) Two million dollars (\$2,000,000) in the industrial development fund does not revert to the state general fund but constitutes a revolving fund to be used exclusively for the purpose of this chapter. The corporation, subject to the approval of the state board of finance, may order the auditor of state to make an approved loan from the revolving fund to a qualified entity (including the purchase of bonds of the qualified entity), a small business investment company, or a minority enterprise small business investment company.

(b) A qualified entity may borrow funds from the corporation under this chapter and shall use the loan proceeds to institute and

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administer an approved industrial development program. The combined amount of outstanding loans to any one (1) program may not exceed one million dollars (\$1,000,000). However, the one million dollar (\$1,000,000) restriction in this subsection does not apply to an approved industrial development program in an economic development district established by a qualified entity under IC 6-1.1-39. A loan made under this chapter to an economic development commission is not a loan to or an obligation of the qualified entity that formed the commission, if the repayment of the loan is limited to a specified revenue source under section 15 of this chapter.

(c) A small business investment company or a minority enterprise small business investment company may use the loan proceeds for any lawful purpose.

(d) Notwithstanding any other law (including IC 5-1-11), the loan to a qualified entity under this section may be directly negotiated with the corporation without public sale of bonds or other evidences of indebtedness of the qualified entity.

Sec. 11. A qualified entity may institute and administer an industrial development program that is approved by ordinance or resolution adopted by the governing body of the qualified entity and approved by the corporation.

Sec. 12. (a) The state board of finance and the corporation shall authorize the making of a loan to a qualified entity under this chapter only when all the following conditions exist:

(1) An application for the loan has been submitted by the qualified entity, in a verified petition, to the state board of finance and the corporation in the manner and form as the state board of finance and the corporation direct. The application must set forth all the following:

(A) The need for the program and the need for funds for instituting and administering the program.

(B) An engineering estimate of the cost of the proposed program acceptable to the state board of finance and the corporation.

(C) The amount of money needed.

(D) Other information that is requested by the state board of finance and the corporation.

(2) The proposed program has been approved by the state board of finance and the corporation, which they may do only if they have determined that the program is based on sound engineering principles and is in the interest of industrial

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development.

(3) The loan does not exceed one hundred percent (100%) of the cost to the qualified entity of an approved program, with the cost of the program to be based on an estimate made by a competent engineering authority and approved by the corporation.

(4) The qualified entity has agreed to furnish assurance, satisfactory to the state board of finance and the corporation, that the qualified entity will operate and maintain the program, after completion, in a satisfactory manner.

(b) The state board of finance and the corporation shall authorize a loan to a small business investment company or minority enterprise small business investment company under this chapter only if:

(1) the small business investment company or minority enterprise small business investment company has loaned to or invested in a business located in an enterprise zone for a purpose directly related to the enterprise zone an amount that is at least twice the amount of the requested loan; and

(2) the small business investment company or minority enterprise small business investment company has submitted an application, before the beginning of the phase out period of the enterprise zone, to the state board of finance and the corporation that shows the amount of the loan requested and other information that is requested by the state board of finance and the corporation.

Sec. 13. (a) The qualified entity may provide labor, equipment, and materials from any source at its disposal for such a program, and participation in accomplishment of the project or projects may be:

(1) evaluated by the state board of finance and the corporation; and

(2) computed as a part or all of the share of cost that the qualified entity is required to pay toward the total cost of the project or projects for which the loan is obtained.

(b) When participation as described in this section is authorized, the participation must be under direction of the governing body, and when cash amounts are included in the qualified entity's share of total cost, the cost amounts shall be provided in the usual and accepted manner for the financing of the affairs of the qualified entity. Costs of engineering and legal services to the borrower may be regarded as a part of the total cost of the project.

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Sec. 14. (a) The state board of finance and the corporation shall determine and ascribe to an applicant for a loan a priority rating. The rating must be based primarily on the need of the qualified entity for a proposed program or on the need of the small business investment company or minority enterprise small business investment company for the loan as the need is related to the needs of other applicants for loans.

(b) The qualified entities, small business investment companies, or minority enterprise small business investment companies with the highest priority rating shall be given first consideration when loans are made under this chapter. The loans shall be made in descending order as shown by the priority ratings.

Sec. 15. (a) A loan made under this chapter is subject to the following restrictions:

- (1)** The repayment period may not exceed fifteen (15) years.
- (2)** The interest rate is to be set by the state board of finance at the time the loan is approved.
- (3)** Interest reverts to the industrial development fund established by this chapter.
- (4)** The loan must be repaid in installments, including interest on the unpaid balance, according to a repayment schedule approved by the state board of finance for that loan. However, on the approval of the state board of finance, the repayment of principal may be deferred for a period not to exceed two (2) years.
- (5)** Subject to subsection (b), the repayment of the loan may be limited to a specified revenue source of the qualified entity and, if limited, is not a general obligation of the unit and is payable solely from the specified revenue source.
- (6)** If the qualified entity levies a tax to repay the loan, the first installment of the loan is due from funds received from the first levy.
- (7)** If prepayment of the loan is made, a penalty may not be charged.

(b) A qualified entity may borrow money under this chapter only under an ordinance adopted under IC 36-1-3-6 as follows:

- (1)** If the qualified entity is a city, town, or county, by the qualified entity.
- (2)** If the qualified entity is an economic development commission, by the city, town, or county that established the economic development commission.
- (3)** If the qualified entity is a special taxing district established

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by the city, town, or county, by the city, town, or county that established the special taxing district.

(4) If the qualified entity is a special taxing district that was not established by a city, town, or county, by the county in which the special taxing district is located.

If repayment of the loan is to be from a specified revenue source under subsection (a)(5), the ordinance must state the revenue source and must state that the qualified entity is not obligated to pay the principal or interest on the loan except from the specified revenue source. An ordinance may not provide for repayment from a specified revenue source if the repayment would impair the qualified entity's contract with an owner of outstanding obligations payable from the specified revenue source.

(c) Notwithstanding any other law, the qualified entity may enter into loans under this chapter without obtaining the approval of any other body.

Sec. 16. A qualified entity receiving a loan under this chapter may levy an annual tax on personal and real property located within the qualified entity's geographical limits for industrial development purposes, in addition to any other tax authorized by statute to be levied for such purposes, at a rate that will produce sufficient revenue to pay the annual installment and interest on a loan made under this chapter. The tax may be in addition to the maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5, IC 6-1.1-19, and other statutes.

Sec. 17. (a) If a qualified entity fails to make repayment of money lent under this chapter or is in any way indebted to the industrial development fund for any amounts incurred or accrued, the amount payable may be:

- (1) withheld by the auditor of state, as set forth in the loan agreement with the qualified entity, from any money payable to the qualified entity and transferred to the fund; or
- (2) recovered in an action by the state on relation of the corporation, prosecuted by the attorney general, in the circuit or superior court of the county in which the qualified entity is located.

(b) If a small business investment company or a minority enterprise small business investment company fails to make repayment of money lent under this chapter or is in any way indebted to the industrial development fund for any amounts incurred or accrued, the amount payable may be recovered in an action by the state on relation of the company, prosecuted by the

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attorney general, in the circuit or superior court of the county in which the small business investment company or minority enterprise small business investment company is located.

Sec. 18. There is appropriated annually to the corporation from the state general fund, from money not otherwise appropriated, an amount sufficient to administer this chapter, subject to the approval of the budget committee.

Sec. 19. (a) The corporation, with the approval of the state board of finance, may sell to a person (including the board for depositories) the notes or other debt obligations issued by a county, city, or town under this chapter or IC 6-1.1-39 for any borrowing from the industrial development fund under this chapter.

(b) A sale by the corporation of a note or another debt obligation of a county, city, or town as authorized by subsection (a) shall be made:

- (1)** without recourse against the corporation, the state board of finance, or the industrial development fund; and
- (2)** on the other terms and conditions that the corporation, with the approval of the state board of finance, establishes.

(c) A purchaser of a note or another debt obligation succeeds to all the rights, entitlements, conditions, and limitations under the note or other debt obligation. However, section 17 of this chapter does not apply to a note or another debt obligation that has been sold under subsection (a).

(d) After a sale of a note or another debt obligation, the corporation, the state board of finance, and the industrial development fund have no right, title, or interest in or to the note or debt obligation.

(e) The proceeds from a sale of a note or another debt obligation shall be deposited in the industrial development fund to be used exclusively for the purpose of this chapter.

Sec. 20. (a) For industrial development projects (as defined in IC 4-4-10.9-11(a)) that have a cost of the project (as defined in IC 4-4-10.9-5) greater than one hundred million dollars (\$100,000,000), the corporation may coordinate a loan to a county, city, or town under this chapter that is to be funded under IC 6-1.1-39 with a simultaneous or successive sale of the note or other debt obligation issued or to be issued by the county, city, or town to evidence the borrowing under this chapter. For such a coordinated or simultaneous lending and sale, the sale proceeds may be applied to the funding of the loan to the county, city, or town.

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(b) Notes or other debt obligations of a county, city, or town that may be sold by the corporation under this section are declared to be legal investments for:

- (1) all insurance companies and associations and other persons carrying on an insurance business; and
- (2) all banks, bankers, banking associations, trust companies, savings associations including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business.

These entities may invest their funds, including capital, in the notes or other debt obligations, notwithstanding any law to the contrary.

Chapter 10. Technology Development Grant Fund

Sec. 1. As used in this chapter, "fund" refers to the technology development grant fund established by section 7 of this chapter.

Sec. 2. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 3. As used in this chapter, "redevelopment commission" refers to a redevelopment commission established under IC 36-7-14-3 or a commission (as defined in IC 36-7-15.1-3) that establishes a technology park.

Sec. 4. As used in this chapter, "targeted employment" means employment in any of the following business activities:

- (1) Advanced manufacturing, including the following:
 - (A) Automotive and electronics.
 - (B) Aerospace technology.
 - (C) Robotics.
 - (D) Engineering design technology.
- (2) Life sciences, including the following:
 - (A) Orthopedics or medical devices.
 - (B) Biomedical research or development.
 - (C) Pharmaceutical manufacturing.
 - (D) Agribusiness.
 - (E) Nanotechnology or molecular manufacturing.
- (3) Information technology, including the following:
 - (A) Informatics.
 - (B) Certified network administration.
 - (C) Software development.
 - (D) Fiber optics.
- (4) Twenty-first century logistics, including the following:
 - (A) High technology distribution.
 - (B) Efficient and effective flow and storage of goods, services, or information.

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(C) Intermodal ports.

Sec. 5. As used in this chapter, "technology park" refers to a certified technology park established under IC 36-7-32.

Sec. 6. As used in this chapter, "technology product" means a product that involves high technology activity or otherwise involves targeted employment.

Sec. 7. The technology development grant fund is established within the state treasury to provide the necessary money for grants to redevelopment commissions under this chapter and the administration of this program.

Sec. 8. The fund consists of appropriations from the general assembly.

Sec. 9. The corporation shall administer the fund. The following may be paid from money in the fund:

- (1) Expenses of administering the fund.
- (2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

Sec. 10. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds are invested. Interest that accrues from these investments shall be deposited in the state general fund.

Sec. 11. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 12. The corporation shall establish a grant application procedure for redevelopment commissions.

Sec. 13. To qualify for a grant under this chapter, a redevelopment commission must:

- (1) submit an application in the form prescribed by the corporation;
- (2) demonstrate that:
 - (A) the redevelopment commission has established a technology park; and
 - (B) the grant being applied for under this chapter will assist the redevelopment commission in accomplishing the goals of the technology park under IC 36-7-32; and
- (3) provide other information required by the corporation.

Sec. 14. The corporation shall provide grants on a competitive basis from the fund to businesses that apply for a grant under this chapter. The corporation may select and fund part or all of an application request that:

- (1) is submitted during an application period; or
- (2) was submitted in a prior application period but not fully

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funded in that application period.

Sec. 15. (a) For purposes of this section, "operating expenditures" includes the following:

- (1) Business plans.
- (2) Marketing studies.
- (3) Mentor identification.
- (4) Securitization of capital.
- (5) Legal services.
- (6) Other necessary services.

(b) The total of all grants provided under this chapter for a technology park may not exceed the following:

- (1) Two million dollars (\$2,000,000) for the leasing, construction, or purchase of capital assets.
- (2) Two million dollars (\$2,000,000) for operating expenditures, and, subject to subsection (d), with not more than five hundred thousand dollars (\$500,000) being distributed in any one (1) fiscal year.

(c) This subsection applies to a grant provided under subsection **(b)(1)** for the leasing of a capital asset. The grant may be applied only to lease payments made during:

- (1) the fiscal year; or
- (2) each of the three (3) fiscal years immediately following the fiscal year;

in which the grant is provided.

(d) The annual distribution of a grant under subsection **(b)(2)** may not exceed the following:

- (1) Eighty percent (80%) of total operating expenditures in the fiscal year in which the grant is provided.
- (2) Sixty percent (60%) of total operating expenditures in the fiscal year after the fiscal year in which the grant is provided.
- (3) Forty percent (40%) of total operating expenditures in the second fiscal year after the fiscal year in which the grant is provided.
- (4) Twenty percent (20%) of total operating expenditures in the third fiscal year after the fiscal year in which the grant is provided.

Sec. 16. A capital expenditure grant under this chapter shall require that the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) fifty percent (50%) of the total capital costs;

of the project being funded by the grant be matched from other sources.

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Sec. 17. The corporation may, under rules established by the department of local government finance and the procedures established by the corporation, award grants from the fund to one (1) or more political subdivisions to reimburse the political subdivisions for ad valorem property taxes allocated to an allocation area as a result of a resolution adopted under IC 36-7-32-15.

Chapter 11. Local Economic Development Organization Grants

Sec. 1. As used in this chapter, "economically disadvantaged area" has the meaning set forth in IC 6-3.1-9-1.

Sec. 2. As used in this chapter, "local economic development organization" (referred to as "organization") includes the following:

- (1) An urban enterprise association established under IC 5-28-15 (or IC 4-4-6.1 before its repeal).
- (2) An economic development commission established under IC 36-7-12.
- (3) A nonprofit corporation established under state law whose primary purpose is the promotion of industrial or business development in Indiana, the retention or expansion of Indiana businesses, or the development of entrepreneurial activities in Indiana.
- (4) A regional planning commission established under IC 36-7-7.
- (5) A nonprofit educational organization whose primary purpose is educating and developing local leadership for economic development initiatives.
- (6) Other similar organizations whose purposes include economic development and that are approved by the corporation.

Sec. 3. As used in this chapter, "program" refers to the local economic development organization grant program established by section 4 of this chapter.

Sec. 4. (a) The local economic development organization grant program is established.

(b) The program is administered by the corporation.

Sec. 5. An appropriation to the program does not expire or revert to the state general fund at the end of a state fiscal year.

Sec. 6. (a) The corporation may provide a grant under the program to an organization to assist in the operation of the organization, including any operations related to the provision of low income housing or the rehabilitation of low income housing.

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Not more than twenty-five percent (25%) of the grant amounts awarded under this chapter may be awarded for the provision or rehabilitation of low income housing. The grant may be used by the organization only to pay for the following expenses:

- (1) Employee salaries.
- (2) Office and other facilities.
- (3) Professional services provided under contract to the organization.
- (4) A strategic plan of economic development for any of the areas served by the organization.
- (5) Other similar administrative expenses of the organization.
- (6) Expenses related to the development of specialized training programs that benefit economic development initiatives.
- (7) Expenses incurred in research and development projects related to economic development initiatives.

(b) A grant under this chapter may not be used by the organization to provide direct financial assistance to a business or specific development project.

(c) The corporation may award a grant under this chapter for the provision or rehabilitation of low income housing only upon the authorization of the office of the lieutenant governor. The office of the lieutenant governor is responsible for administering a grant under this chapter for the provision or rehabilitation of low income housing.

Sec. 7. (a) A grant under this chapter must be matched by funds raised by the organization from sources other than state funds. The amount of the grant must equal:

- (1) one dollar (\$1) for every two dollars (\$2) raised by the organization, in the case of an organization that serves only one (1) county; or
- (2) one dollar (\$1) for every one dollar (\$1) raised by the organization, in the case of an organization that serves at least two (2) counties.

(b) A grant under this chapter may not exceed:

- (1) fifty thousand dollars (\$50,000), in the case of a grant to an organization that serves only one (1) county; or
- (2) seventy-five thousand dollars (\$75,000), in the case of a grant to an organization that serves at least two (2) counties.

Sec. 8. (a) The corporation may adopt policies and guidelines governing application criteria and procedures for organizations applying for grants under this chapter.

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(b) The corporation shall give preference in awarding grants to organizations from or serving economically disadvantaged areas.

Sec. 9. Money appropriated for the program may be used for the costs of administering this chapter.

Chapter 12. Steel Industry

Sec. 1. The corporation shall conduct an examination of:

- (1) Indiana and federal statutes, rules, and regulations that either encourage or discourage production and consumption of Indiana steel;
- (2) the problems currently faced by the Indiana steel industry, including foreign competition and the economic climate for the steel industry in Indiana; and
- (3) any other matters considered relevant to the future of the steel industry in Indiana.

Sec. 2. (a) The corporation shall conduct appropriate studies and present an annual report to the legislative council and a summary letter to the general assembly through the legislative council not later than December 1 each year. The report must address the following issues:

- (1) Ways in which the use of Indiana steel can be expanded in Indiana and the world.
- (2) Ways in which any additional problems included in the examination conducted under section 1 of this chapter may be remedied.
- (3) The modification, if any, of state statutes or rules.

The report and the letter must be in an electronic format under IC 5-14-6.

(b) The corporation may request officials of governmental agencies in Indiana to attend its meetings and provide technical assistance and information as requested by the corporation.

Sec. 3. The corporation shall, upon request, advise state and local government officials on questions and matters affecting the steel industry.

Sec. 4. Funding for the corporation's activities shall be derived from funds appropriated to the corporation. Funds required for any third party studies approved by the corporation must come from contributions by the steel industry or other interested parties, as well as those funds that may be made available to the corporation. However, it is anticipated that the combined existing technical resources of the various participating institutions, organizations, and agencies will satisfy the corporation's technical support requirements.

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Chapter 13. Permit Assistance Center

Sec. 1. As used in this chapter, "center" refers to the permit assistance center established by section 4 of this chapter.

Sec. 2. As used in this chapter, "permit" means any state agency permit, license, certificate, approval, registration, or similar form of approval required by a statute or an administrative rule.

Sec. 3. As used in this chapter, "state agency" has the meaning set forth in IC 4-13-1-1.

Sec. 4. The permit assistance center is established within the corporation. The center has the following duties:

- (1) Providing comprehensive information on permits required for business activities in Indiana and making this information available to any person.
- (2) Assisting applicants in obtaining timely and efficient permit review and the resolution of issues arising from permit review.
- (3) Encouraging the participation of federal and local government agencies in permit coordination.

Sec. 5. The center shall establish an information file on all state agency permit requirements that affect business activities in Indiana. The center shall:

- (1) develop methods for maintaining, updating, and providing ready access to the information file;
- (2) use the information file to provide comprehensive information concerning permit requirements affecting business activities; and
- (3) use the information file to provide the commission on public records with information that will enable the commission to consolidate, simplify, expedite, or otherwise improve permit procedures.

Sec. 6. The center may prepare and distribute publications and other materials that:

- (1) serve the convenience of permit applicants; and
- (2) explain permit requirements affecting business activities.

Sec. 7. The center may encourage federal and local government permit agencies to use the services provided by the center to make information available to permit applicants. The center may advise permit applicants of federal and local permit requirements and may maintain an information file on permits for which the state has delegated issuance authority to local governmental agencies.

Sec. 8. The center may not charge a fee for services provided under this chapter. However, this section does not relieve a permit

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applicant of any part of the fees or charges established by a state agency for the review and approval of permit applications.

Sec. 9. This chapter does not affect the authority of a state agency to approve or deny a permit in the manner provided by any other law.

Sec. 10. Upon request of the center, each state agency shall provide the assistance and data necessary to enable the center to perform its duties under this chapter.

Sec. 11. The corporation may adopt policies and guidelines to implement this chapter.

Chapter 14. Promotion of Trade Shows

Sec. 1. As used in this chapter, "fund" refers to the trade promotion fund established by section 6 of this chapter.

Sec. 2. As used in this chapter, "small business concern" means a small business concern as defined in 15 U.S.C. 632.

Sec. 3. As used in this chapter, "trade mission" means a planned tour of business locations, all of which are:

- (1) located in or outside the United States; and
- (2) recommended by:
 - (A) the United States Department of Commerce Foreign Commercial Service;
 - (B) the United States Department of Agriculture Foreign Agriculture Service; or
 - (C) the corporation.

Sec. 4. As used in this chapter, "trade show" means an exhibition, an exposition, or a fair:

- (1) located in or outside the United States; and
- (2) recommended by:
 - (A) the United States Department of Commerce Foreign Commercial Service; or
 - (B) the United States Department of Agriculture Foreign Agriculture Service.

Sec. 5. (a) The corporation shall promote the participation of small business concerns in trade shows and trade missions.

(b) Before promoting participation in trade shows and trade missions, the corporation must:

- (1) conduct market research to determine the presence and extent of overseas markets for Indiana small business concerns; and
 - (2) determine the market areas offering Indiana small business concerns the best export opportunities.
- (c) In promoting participation in trade shows and trade

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missions, the corporation shall emphasize trade shows and trade missions considered to offer Indiana small business concerns the best export opportunities for products produced in Indiana.

Sec. 6. (a) The trade promotion fund is established within the state treasury as a dedicated fund. Money in the fund must be spent by the corporation exclusively for the purposes described in this chapter.

(b) The fund consists of appropriations from the general assembly.

(c) The corporation shall administer the fund. The following may be paid from money in the fund:

(1) Expenses of administering the fund.

(2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

Sec. 7. The corporation may provide financial assistance to a small business concern by reimbursing the small business concern solely for booth rental fees related to its participation in a trade show or trade mission.

Sec. 8. (a) Reimbursement for booth rental fees incurred by a small business concern under section 7 of this chapter for participation in one (1) trade show or trade mission may not exceed the lesser of:

(1) five thousand dollars (\$5,000); or

(2) the amount determined in subsection (b).

(b) The amount to be used in subsection (a)(2) is the amount determined under the following STEPS:

STEP ONE: Determine the total booth rental fees incurred by the small business concern under section 7 of this chapter.

STEP TWO: Subtract from the amount determined in STEP ONE any amounts received by the small business concern from a trade show promotion program or trade mission program, other than the program established by this chapter.

(c) The maximum financial assistance that may be provided to a small business concern during a state fiscal year may not exceed ten thousand dollars (\$10,000).

Sec. 9. To qualify for financial assistance under this chapter, a small business concern must:

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- (1) apply to the corporation for approval to participate in a trade show or trade mission in the form and by the time specified by the board;
- (2) establish to the satisfaction of the corporation that participation in the trade show or trade mission will enhance the export opportunities of products produced in Indiana by the small business concern;
- (3) maintain adequate records of the expenses incurred by the small business concern to participate in a trade show or trade mission;
- (4) certify to the corporation the amount of financial assistance, if any, received by the small business concern from a trade show promotion program or trade mission program other than the program established by this chapter; and
- (5) provide to the corporation, on request:
 - (A) the records of the expenses related to the small business concern's participation in a trade show or trade mission; and
 - (B) information regarding the effectiveness of the program established by this chapter in enhancing the export opportunities of the small business concern.

Sec. 10. The corporation may adopt policies and guidelines to implement this chapter.

Chapter 15. Enterprise Zones

Sec. 1. (a) As used in this chapter, "high technology business operations" means the operations in Indiana of a business engaged in the following:

- (1) Advanced computing.
- (2) Creation of advanced materials.
- (3) Biotechnology.
- (4) Electronic device technology.
- (5) Environmental technology.
- (6) Medical device technology.

(b) For purposes of this section, "advanced computing" means technology used in the designing and developing of computing hardware and software, including innovations in designing the full range of hardware from hand held calculators to supercomputers and peripheral equipment.

(c) For purposes of this section, "advanced materials" means materials with engineered properties created through the development of specialized processing and synthesis technology, including ceramics, high value added metals, electronic materials,

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composites, polymers, and biomaterials.

(d) For purposes of this section, "biotechnology" means the continually expanding body of fundamental knowledge about the functioning of biological systems from the macro level to the molecular and subatomic levels, as well as novel products, services, technologies, and subtechnologies developed as a result of insights gained from research advances that add to that body of fundamental knowledge.

(e) For purposes of this section, "electronic device technology" means technology involving any of the following:

- (1) Microelectronics.
- (2) Semiconductors.
- (3) Electronic equipment.
- (4) Instrumentation.
- (5) Radio frequency waves.
- (6) Microwaves.
- (7) Millimeter electronics.
- (8) Optical and optic electrical devices.
- (9) Data and digital communications.
- (10) Imaging devices.

(f) For purposes of this section, "environmental technology" means any of the following:

- (1) The assessment and prevention of threats or damage to human health or the environment.
- (2) Environmental cleanup.
- (3) The development of alternative energy sources.

(g) For purposes of this section, "medical device technology" means technology involving any medical equipment or product (other than a pharmaceutical product) that has therapeutic value or diagnostic value and is regulated by the federal Food and Drug Administration.

Sec. 2. As used in this chapter, "U.E.A." refers to an urban enterprise association established under section 13 of this chapter.

Sec. 3. As used in this chapter, "zone business" means an entity that accesses at least one (1) tax credit or exemption incentive available under this chapter, IC 6-1.1-20.8, or IC 6-3-3-10.

Sec. 4. (a) Except as provided in subsection (b):

- (1) a package liquor store that holds a liquor dealer's permit under IC 7.1-3-10; or
- (2) any other entity that is required to operate under a license issued under IC 7.1;

is not eligible for incentives available to zone businesses.

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(b) Subsection (a) does not apply to the recipient of an incentive if:

- (1) the recipient entered into a written agreement concerning the incentive under IC 4-4-6.1-8 (transferred to section 17 of this chapter) before July 1, 1995;
- (2) the recipient is described in:
 - (A) IC 7.1-3-3-1;
 - (B) IC 7.1-3-8-1;
 - (C) IC 7.1-3-13-1; or
 - (D) IC 7.1-5-7-11; or
- (3) the recipient:
 - (A) holds a license under IC 7.1; and
 - (B) receives at least sixty percent (60%) of the recipient's annual revenue from retail food sales.

Sec. 5. (a) The board has the following powers, in addition to other powers that are contained in this chapter:

- (1) To review and approve or reject all applicants for enterprise zone designation, according to the criteria for designation that this chapter provides.
- (2) To waive or modify rules as provided in this chapter.
- (3) To provide a procedure by which enterprise zones may be monitored and evaluated on an annual basis.
- (4) To adopt rules for the disqualification of a zone business from eligibility for any or all incentives available to zone businesses, if that zone business does not do one (1) of the following:
 - (A) If all its incentives, as contained in the summary required under section 7 of this chapter, exceed one thousand dollars (\$1,000) in any year, pay a registration fee to the board in an amount equal to one percent (1%) of all its incentives.
 - (B) Use all its incentives, except for the amount of the registration fee, for its property or employees in the zone.
 - (C) Remain open and operating as a zone business for twelve (12) months of the assessment year for which the incentive is claimed.
- (5) To disqualify a zone business from eligibility for any or all incentives available to zone businesses in accordance with the procedures set forth in the board's rules.
- (6) After a recommendation from a U.E.A., to modify an enterprise zone boundary if the board determines that the modification:

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(A) is in the best interests of the zone; and

(B) meets the threshold criteria and factors set forth in section 9 of this chapter.

(7) To employ staff and contract for services.

(8) To receive funds from any source and expend the funds for the administration and promotion of the enterprise zone program.

(9) To make determinations under IC 6-3.1-11 concerning the designation of locations as industrial recovery sites and the availability of the credit provided by IC 6-1.1-20.7 to persons owning inventory located on an industrial recovery site.

(10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11 concerning the disqualification of persons from claiming credits provided by those chapters in appropriate cases.

(11) To make determinations under IC 6-3.1-11.5 concerning the designation of locations as military base recovery sites and the availability of the credit provided by IC 6-3.1-11.5 to persons making qualified investments in military base recovery sites.

(12) To make determinations under IC 6-3.1-11.5 concerning the disqualification of persons from claiming the credit provided by IC 6-3.1-11.5 in appropriate cases.

(b) In addition to a registration fee paid under subsection (a)(4)(A), each zone business that receives a credit under this chapter shall assist the zone U.E.A. in an amount determined by the legislative body of the municipality in which the zone is located. If a zone business does not assist a U.E.A., the legislative body of the municipality in which the zone is located may pass an ordinance disqualifying a zone business from eligibility for all credits or incentives available to zone businesses. If a legislative body disqualifies a zone business under this subsection, the legislative body shall notify the board, the department of local government finance, and the department of state revenue in writing not more than thirty (30) days after the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is adopted.

Sec. 6. (a) The enterprise zone fund is established within the state treasury.

(b) The fund consists of:

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(1) the revenue from the registration fee required under section 5 of this chapter; and

(2) appropriations from the general assembly.

(c) The corporation shall administer the fund. The fund may be used to:

(1) pay the expenses of administering the fund;

(2) pay nonrecurring administrative expenses of the enterprise zone program; and

(3) provide grants to U.E.A.s for brownfield remediation in enterprise zones.

However, money in the fund may not be expended unless it has been appropriated by the general assembly and allotted by the budget agency.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund. The corporation shall develop appropriate applications and may develop grant allocation guidelines, without complying with IC 4-22-2, for awarding grants under this subsection. The grant allocation guidelines must take into consideration the competitive impact of brownfield redevelopment plans on existing zone businesses.

Sec. 7. (a) Subject to subsections (c) and (d), a zone business that claims any of the incentives available to zone businesses shall, by letter postmarked before June 1 of each year:

(1) submit to the board and to the zone U.E.A., on a form prescribed by the board, a verified summary concerning the amount of tax credits and exemptions claimed by the business in the preceding year; and

(2) pay the amount specified in section 5(a)(4) of this chapter to the board.

(b) In order to determine the accuracy of the summary submitted under subsection (a), the board is entitled to obtain copies of a zone business's tax records directly from the department of state revenue, the department of local government finance, or a county official, notwithstanding any other law. A summary submitted to a board or zone U.E.A. or a record obtained by the board under this section is confidential. A board member, a U.E.A. member, or an agent of a board member or U.E.A.

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member who knowingly or intentionally discloses information that is confidential under this section commits a Class A misdemeanor.

(c) The board may grant one (1) extension of the time allowed to comply with subsection (a) under the provisions of this subsection. To qualify for an extension, a zone business must apply to the board by letter postmarked before June 1. The application must be in the form specified by the board. The extension may not exceed forty-five (45) days under rules adopted by the board under IC 4-22-2.

(d) If a zone business that did not comply with subsection (a) before June 1 and did not file for an extension under subsection (c) before June 1 complies with subsection (a) before July 16, the amount of the tax credit and exemption incentives for the preceding year that were otherwise available to the zone business because the business was a zone business are waived, unless the zone business pays to the board a penalty of fifteen percent (15%) of the amount of the tax credit and exemption incentives for the preceding year that were otherwise available to the zone business because the business was a zone business. A zone business that pays a penalty under this subsection for a year must pay the penalty to the board before July 16 of that year. The board shall deposit any penalty payments received under this subsection in the enterprise zone fund.

(e) This subsection is in addition to any other sanction imposed by subsection (d) or any other law. If a zone business fails to comply with subsection (a) before July 16 and does not pay any penalty required under subsection (d) by letter postmarked before July 16 of that year, the zone business is:

- (1) denied all the tax credit and exemption incentives available to a zone business because the business was a zone business for that year; and
- (2) disqualified from further participation in the enterprise zone program under this chapter until the zone business:
 - (A) petitions the board for readmission to the enterprise zone program under this chapter; and
 - (B) pays a civil penalty of one hundred dollars (\$100).

Sec. 8. (a) This section applies to records and other information, including records and information that are otherwise confidential, maintained by the following:

- (1) The board.
- (2) A U.E.A.
- (3) The department of state revenue.

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- (4) The corporation.
- (5) The department of local government finance.
- (6) A county auditor.
- (7) A township assessor.

(b) A person or an entity listed in subsection (a) may request a second person or entity described in subsection (a) to provide any records or other information maintained by the second person or entity that concern an individual or a business that is receiving a tax deduction, exemption, or credit related to an enterprise zone. Notwithstanding any other law, the person or entity to whom the request is made under this section must comply with the request. A person or entity receiving records or information under this section that are confidential must also keep the records or information confidential.

(c) A person or an entity that receives confidential records or information under this section and knowingly or intentionally discloses the records or information to an unauthorized person commits a Class A misdemeanor.

Sec. 9. (a) The board may designate up to ten (10) enterprise zones, in addition to any enterprise zones the federal government may designate in Indiana. The board may by seven (7) affirmative votes increase the number of enterprise zones above ten (10), but it may not add more than two (2) new zones each year (excluding any zone that may be added by the board in a municipality in which a previously designated zone has expired) and may not add any new zones after December 31, 2015. There may not be more than one (1) enterprise zone in any municipality.

(b) After approval by resolution of the legislative body, the executive of any municipality that is not an included town under IC 36-3-1-7 may submit one (1) application to the board to have one (1) part of the municipality designated as an enterprise zone. If an application is denied, the executive may submit a new application. The board shall provide application procedures.

(c) The board shall evaluate an enterprise zone application if it finds that the following threshold criteria exist in a proposed zone:

- (1) A poverty level in which twenty-five percent (25%) of the households in the zone are below the poverty level as established by the most recent United States census or an average rate of unemployment for the most recent eighteen (18) month period for which data is available that is at least one and one-half (1 1/2) times the average statewide rate of unemployment for the same eighteen (18) month period.

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(2) A population of more than two thousand (2,000) but less than ten thousand five hundred (10,500).

(3) An area of more than three-fourths (3/4) of a square mile but less than four (4) square miles, with a continuous boundary (using natural, street, or highway barriers when possible) entirely within the applicant municipality. However, if the zone includes a parcel of property that:

(A) is owned by the municipality; and

(B) has an area of at least twenty-five (25) acres;

the area of the zone may be increased above the four (4) square mile limitation by an amount not to exceed the area of the municipally owned parcel.

(4) Property suitable for the development of a mix of commercial, industrial, and residential activities.

(5) The appointment of a U.E.A. that meets the requirements of section 13 of this chapter.

(6) A statement by the applicant indicating its willingness to provide certain specified economic development incentives.

(d) If an applicant has met the threshold criteria of subsection (c), the board shall evaluate the application, arrive at a decision based on the following factors, and either designate a zone or reject the application:

(1) Level of poverty, unemployment, and general distress of the area in comparison with other applicant and nonapplicant municipalities and the expression of need for an enterprise zone over and above the threshold criteria of subsection (c).

(2) Evidence of support for designation by residents, businesses, and private organizations in the proposed zone, and the demonstration of a willingness among those zone constituents to participate in zone area revitalization.

(3) Efforts by the applicant municipality to reduce the impediments to development in the zone area where necessary, including but not limited to the following:

(A) A procedure for streamlining local government regulations and permit procedures.

(B) Crime prevention activities involving zone residents.

(C) A plan for infrastructure improvements capable of supporting increased development activity.

(4) Significant efforts to encourage the reuse of existing zone structures in new development activities to preserve the existing character of the neighborhood, where appropriate.

(5) The proposed managerial structure of the zone and the

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capacity of the U.E.A. to carry out the goals and purposes of this chapter.

Sec. 10. (a) An enterprise zone expires ten (10) years after the day on which it is designated by the board. The two (2) year period immediately before the day on which the enterprise zone expires is the phaseout period. During the phaseout period, the board may review the success of the enterprise zone based on the following criteria and may, with the consent of the budget committee, renew the enterprise zone, including all provisions of this chapter, for five (5) years:

- (1) Increases in capital investment in the zone.
- (2) Retention of jobs and creation of jobs in the zone.
- (3) Increases in employment opportunities for residents of the zone.

(b) If an enterprise zone is renewed under subsection (a), the two (2) year period immediately before the day on which the enterprise zone expires is another phaseout period. During the phaseout period, the board may review the success of the enterprise zone based on the criteria set forth in subsection (a) and, with the consent of the budget committee, may again renew the enterprise zone, including all provisions of this chapter, for a final period of five (5) years. The zone may not be renewed after the expiration of this final five (5) year period.

Sec. 11. (a) Notwithstanding any other provision of this chapter, one (1) or more units (as defined in IC 36-1-2-23) may declare all or any part of a military base or another military installation that is inactive, closed, or scheduled for closure as an enterprise zone. The declaration shall be made by a resolution of the legislative body of the unit that contains the geographic area being declared an enterprise zone. The legislative body must include in the resolution that a U.E.A. is created or designate another entity to function as the U.E.A. under this chapter. The resolution must also be approved by the executive of the unit.

(b) If the resolution is approved, the executive shall file the resolution and the executive's approval with the board. If an entity other than a U.E.A. is designated to function as a U.E.A., the entity's acceptance must be filed with the board along with the resolution. The enterprise zone designation is effective on the first day of the month following the day the resolution is filed with the board.

(c) Establishment of an enterprise zone under this section is not subject to the limit of two (2) new enterprise zones each year under

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section 9(a) of this chapter.

Sec. 12. The board may not approve the enlargement of an enterprise zone's geographic boundaries unless the area to be enlarged meets the criteria of economic distress set forth in section 9(c)(1) of this chapter.

Sec. 13. (a) There is established in each applicant for designation as an enterprise zone and in each enterprise zone an urban enterprise association (U.E.A). The twelve (12) members of the U.E.A. shall be chosen as follows:

(1) The governor shall appoint the following:

(A) One (1) state legislator whose district includes all or part of the enterprise zone.

(B) One (1) representative of the corporation, who is not a voting member of the U.E.A.

(2) The executive of the municipality in which the zone is located shall appoint the following:

(A) One (1) representative of the plan commission having jurisdiction over the zone, if any exists.

(B) One (1) representative of the municipality's department that performs planning or economic development functions.

(C) Two (2) representatives of businesses located in the zone, one (1) of whom shall be from a manufacturing concern, if any exists in the zone.

(D) One (1) resident of the zone.

(E) One (1) representative of organized labor from the building trades that represent construction workers.

(3) The legislative body of the municipality in which the zone is located shall appoint, by majority vote, the following:

(A) One (1) member of the municipality's legislative body whose district includes all or part of the zone.

(B) One (1) representative of a business located in the zone.

(C) Two (2) residents of the zone, who must not be members of the same political party.

(b) Members of the U.E.A. serve four (4) year terms. The appointing authority shall fill any vacancy for the balance of the vacated term.

(c) Members may be dismissed only by the appointing authority and only for just cause.

(d) The members shall elect a chairperson, a vice chairperson, and a secretary by majority vote. This election shall be held every two (2) years in the same month as the first meeting or whenever

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a vacancy occurs. The U.E.A. shall meet at least once every three (3) months. The secretary shall notify members of meetings at least two (2) weeks in advance of meetings. The secretary shall provide a list of members to each member and shall notify members of any changes in membership.

(e) If an applicant for designation as an enterprise zone does not receive that designation, the U.E.A. in that municipality is dissolved when the application is rejected.

Sec. 14. (a) A U.E.A. shall do the following:

- (1) Coordinate zone development activities.**
- (2) Serve as a catalyst for zone development.**
- (3) Promote the zone to outside groups and individuals.**
- (4) Establish a formal line of communication with residents and businesses in the zone.**
- (5) Act as a liaison between residents, businesses, the municipality, and the board for any development activity that may affect the zone or zone residents.**

(b) A U.E.A. may do the following:

- (1) Initiate and coordinate any community development activities that aid in the employment of zone residents, improve the physical environment, or encourage the turnover or retention of capital in the zone. These additional activities include but are not limited to recommending to the municipality the manner and purpose of expenditure of funds generated under IC 36-7-14-39(g) or IC 36-7-15.1-26(g).**
- (2) Recommend that the board modify a zone boundary or disqualify a zone business from eligibility for one (1) or more benefits or incentives available to zone businesses.**
- (3) Incorporate as a nonprofit corporation. Such a corporation may continue after the expiration of the zone in accordance with the general principles established by this chapter. A U.E.A. that incorporates as a nonprofit corporation under this subdivision may purchase or receive real property from a redevelopment commission under IC 36-7-14-22.2 or IC 36-7-15.1-15.2.**

(c) The U.E.A. may request, by majority vote, that the legislative body of the municipality in which the zone is located modify or waive any municipal ordinance or regulation that is in effect in the zone. The legislative body may, by ordinance, waive or modify the operation of the ordinance or regulation, if the ordinance or regulation does not affect health (including environmental health), safety, civil rights, or employment rights.

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(d) The U.E.A. may request, by majority vote, that the board waive or modify any state rule that is in effect in the zone. The board shall review the request and may approve, modify, or reject the request. Approval or modification by the board shall take place after review by the appropriate state agency. A modification may include but is not limited to establishing different compliance or reporting requirements, timetables, or exemptions in the zone for a business or an individual, to the extent that the modification does not adversely affect health (including environment health), safety, employment rights, or civil rights. An approval or a modification of a state rule by the board takes effect upon the approval of the governor. In no case are the provisions of IC 22-2-2 and IC 22-7-1-2 mitigated by this chapter.

Sec. 15. (a) Any business that substantially reduces or ceases an operation located in Indiana and outside an enterprise zone (referred to as a nonzone operation) in order to relocate in an Indiana enterprise zone is disqualified from benefits or incentives available to zone businesses. Determinations under this section shall be made by a hearing panel composed of the chairperson of the board or the chairperson's designee, the commissioner of the department of state revenue or the commissioner's designee, and the commissioner of the department of local government finance or the commissioner's designee. The panel, after an evidentiary hearing held subsequent to the relocation of the business, shall submit a recommended order to the board for its adoption. The recommended order shall be based on the following criteria and subsection (b):

(1) A site specific economic activity, including sales, leasing, service, manufacturing, production, storage of inventory, or any activity involving permanent full-time or part-time employees shall be considered a business operation.

(2) With respect to a nonzone operation, any of the following that occurs during the twelve (12) months before the completion of the physical relocation of all or part of the activity described in subdivision (1) from the nonzone operation to the enterprise zone as compared with the twelve (12) months before that twelve (12) months shall be considered a substantial reduction:

(A) A reduction in the average number of full-time or part-time employees of the lesser of:

- (i) one hundred (100) employees; or
- (ii) twenty-five percent (25%) of all employees.

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(B) A twenty-five percent (25%) reduction in the average number of goods manufactured or produced.

(C) A twenty-five percent (25%) reduction in the average value of services provided.

(D) A ten percent (10%) reduction in the average value of stored inventory.

(E) A twenty-five percent (25%) reduction in the average amount of gross income.

(b) Notwithstanding subsection (a), a business that would otherwise be disqualified under subsection (a) is eligible for benefits and incentives available to zone businesses if each of the following conditions is met:

(1) The business relocates its nonzone operation for any of the following reasons:

(A) The lease on property necessary for the nonzone operation has been involuntarily lost through no fault of the business.

(B) The space available at the location of the nonzone operation cannot accommodate planned expansion needed by the business.

(C) The building for the nonzone operation has been certified as uninhabitable by a state or local building authority.

(D) The building for the nonzone operation has been totally destroyed through no fault of the business.

(E) The renovation and construction costs at the location of the nonzone operation are more than one and one-half (1 1/2) times the costs of purchase, renovation, and construction of a facility in the zone, as certified by three (3) independent estimates.

A business is eligible for benefits and incentives under clause (C) or (D) only if renovation and construction costs at the location of the nonzone operation are more than one and one-half (1 1/2) times the cost of purchase, renovation, and construction of a facility in the zone. These costs must be certified by three (3) independent estimates.

(2) The business has not terminated or reduced the pension or health insurance obligations payable to employees or former employees of the nonzone operation without the consent of the employees.

(c) The hearing panel shall cause to be delivered to the business and to any person who testified before the panel in favor of

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disqualification of the business a copy of the panel's recommended order. The business and these persons shall be considered parties for purposes of this section.

(d) A party who wishes to oppose the board's adoption of the recommended order of the hearing panel shall, not later than ten (10) days after the party's receipt of the recommended order, file written objections with the board. If the objections are filed, the board shall set the objections for oral argument and give notice to the parties. A party at its own expense may cause to be filed with the board a transcript of the oral testimony or any other part of the record of the proceedings. The oral argument shall be on the record filed with the board. The board may hear additional evidence or remand the action to the hearing panel with instructions appropriate to the expeditious and proper disposition of the action. The board may adopt the recommendations of the hearing panel, may amend or modify the recommendations, or may make an order or determination as is proper on the record.

(e) If no objections are filed, the board may adopt the recommended order without oral argument. If the board does not adopt the proposed findings of fact and recommended order, the parties shall be notified and the action shall be set for oral argument as provided in subsection (d).

(f) The final determination made by the board shall be made by a majority of the quorum needed for board meetings.

Sec. 16. Whenever federal or state money is available for job training purposes, considerations shall, to the extent possible, be given to training residents of enterprise zones in industry specific skills relevant to a resident's particular zone.

Sec. 17. The state pledges to and agrees with the direct recipient of any enterprise zone incentive under this chapter that the state will not limit or alter the rights vested in the U.E.A. to fulfill the terms of any agreements it makes with those recipients or in any way impair the rights and remedies of those recipients until the terms of the incentive are fulfilled. The board may include this pledge and agreement of the state in any agreement it makes with the recipient.

Chapter 16. Indiana Twenty-First Century Research and Technology Fund

Sec. 1. As used in this chapter, "fund" refers to the Indiana twenty-first century research and technology fund established by section 2 of this chapter.

Sec. 2. (a) The Indiana twenty-first century research and

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technology fund is established within the state treasury to provide grants or loans to support proposals for economic development in one (1) or more of the following areas:

- (1) To increase the capacity of Indiana institutions of higher education, Indiana businesses, and Indiana nonprofit corporations and organizations to compete successfully for federal or private research and development funding.
- (2) To stimulate the transfer of research and technology into marketable products.
- (3) To assist with diversifying Indiana's economy by focusing investment in biomedical research and biotechnology, information technology, and other high technology industry clusters requiring high skill, high wage employees.
- (4) To encourage an environment of innovation and cooperation among universities and businesses to promote research activity.

(b) The fund consists of appropriations from the general assembly and loan repayments.

(c) The corporation shall administer the fund. The following may be paid from money in the fund:

- (1) Expenses of administering the fund.
- (2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(d) Earnings from loans made under this chapter shall be deposited in the fund.

(e) The budget agency shall review each recommendation. The budget agency, after review by the budget committee, may approve, deny, or modify grants and loans recommended by the board. Money in the fund may not be used to provide a recurring source of revenue for the normal operating expenditures of any project.

(f) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

(g) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter.

Sec. 3. (a) An application requesting a grant or loan from the fund must be targeted to one (1) or more of the areas listed in section 2 of this chapter.

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(b) A successful applicant for a grant or loan from the fund must meet the requirements of this section and be approved by the board. An application for a grant or loan from the fund must be made on an application form prescribed by the board. An applicant shall provide all information that the board finds necessary to make the determinations required by this chapter.

(c) All applications for a grant or loan from the fund must include the following:

- (1) A fully elaborated technical research or business plan, whichever applies, that is appropriate for review by outside experts as provided in this chapter.
- (2) A detailed financial analysis that includes the commitment of resources by other entities that will be involved in the project.
- (3) A statement of the economic development potential of the project, such as:
 - (A) a statement of the way in which support from the fund will lead to significantly increased funding from federal or private sources and from private sector research partners; or
 - (B) a projection of the jobs to be created.
- (4) The identity, qualifications, and obligations of the applicant.
- (5) Any other information that the board considers appropriate.

An applicant for a grant or loan from the fund may request that certain information that is submitted by the applicant be kept confidential. The board shall make a determination of confidentiality as soon as is practicable. If the board determines that the information should not be kept confidential, the applicant may withdraw the application, and the board must return the information before making it part of any public record.

(d) An application for a grant or loan from the fund submitted by an academic researcher must be made through the office of the president of the researcher's academic institution with the express endorsement of the institution's president. An application for a grant or loan from the fund submitted by a private researcher must be made through the office of the highest ranking officer of the researcher's institution with the express endorsement of the institution. Any other application must be made through the office of the highest ranking officer of the entity submitting the application. In the case of an application for a grant or loan from

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the fund that is submitted jointly by one (1) or more researchers or entities, the application must be endorsed by each institution or entity as required by this subsection.

Sec. 4. (a) The board has the following powers:

- (1) To accept, analyze, and approve applications under this chapter.**
- (2) To contract with experts for advice and counsel.**
- (3) To employ staff to assist in carrying out this chapter, including providing assistance to applicants who wish to apply for a grant or loan from the fund, analyzing proposals, working with experts engaged by the board, and preparing reports and recommendations for the board.**
- (4) To approve and recommend applications for grants or loans from the fund to the budget committee and budget agency.**

(b) The board shall give priority to applications for grants or loans from the fund that:

- (1) have the greatest economic development potential; and**
- (2) require the lowest ratio of money from the fund compared with the combined financial commitments of the applicant and those cooperating on the project.**

(c) The board shall make final funding determinations for applications for grants or loans from the fund that will be submitted to the budget agency for review and approval. In making a determination on a proposal intended to obtain federal or private research funding, the board shall be advised by a peer review panel and shall consider the following factors in evaluating the proposal:

- (1) The scientific merit of the proposal.**
- (2) The predicted future success of federal or private funding for the proposal.**
- (3) The ability of the researcher to attract merit based scientific funding of research.**
- (4) The extent to which the proposal evidences interdisciplinary or interinstitutional collaboration among two (2) or more Indiana institutions of higher education or private sector partners, as well as cost sharing and partnership support from the business community.**

(d) The peer review panel shall be chosen by and report to the board. In determining the composition and duties of a peer review panel, the board shall consider the National Institutes of Health and the National Science Foundation peer review processes as

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models. The members of the panel must have extensive experience in federal research funding. A panel member may not have a relationship with any private entity or academic institution in Indiana that would constitute a conflict of interest for the panel member.

(e) In making a determination on any other application for a grant or loan from the fund involving a proposal to transfer research results and technologies into marketable products or commercial ventures, the board shall consult with experts as necessary to analyze the likelihood of success of the proposal and the relative merit of the proposal.

(f) A grant or loan from the fund may not be approved or recommended to the budget agency by the board unless the grant or loan has received a positive recommendation from a peer review panel described in this section.

Sec. 5. The board may use money in the fund to cover administrative expenses incurred in carrying out the requirements of this chapter.

Sec. 6. The board shall submit an annual report to the legislative council before September 1. The report must be in an electronic format under IC 5-14-6 and must contain the following information concerning fund activity in the preceding state fiscal year:

- (1) The name of each entity receiving a grant from the fund.
- (2) The location of each entity sorted by:
 - (A) county, in the case of an entity located in Indiana; or
 - (B) state, in the case of an entity located outside Indiana.
- (3) The amount of each grant awarded to each entity.

Chapter 17. Small Business Development

Sec. 1. (a) The corporation shall do the following to carry out this chapter:

- (1) Contribute to the strengthening of the economy of Indiana by encouraging the organization and development of new business enterprises, including technologically oriented enterprises.
- (2) Submit an annual report to the governor and to the general assembly not later than November 1 of each year. The annual report must:
 - (A) include detailed information on the structure, operation, and financial status of the corporation; and
 - (B) be in an electronic format under IC 5-14-6.

The board shall conduct an annual public hearing to receive

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comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days before the hearing in accordance with IC 5-14-1.5-5(b).

(3) Approve and administer loans from the microenterprise partnership program fund established by IC 5-28-18.

(4) Conduct activities for nontraditional entrepreneurs under IC 5-28-18.

(5) Establish and administer the small and minority business financial assistance program under IC 5-28-20.

(6) Establish and administer the microenterprise partnership program under IC 5-28-19.

(b) The corporation may do the following to carry out this chapter:

(1) Receive money from any source, enter into contracts, and expend money for any activities appropriate to its purpose.

(2) Do all other things necessary or incidental to carrying out the corporation's functions under this chapter.

(3) Establish programs to identify entrepreneurs with marketable ideas and to support the organization and development of new business enterprises, including technologically oriented enterprises.

(4) Conduct conferences and seminars to provide entrepreneurs with access to individuals and organizations with specialized expertise.

(5) Establish a statewide network of public, private, and educational resources to assist the organization and development of new enterprises.

(6) Operate a small business assistance center to provide small businesses, including minority owned businesses and businesses owned by women, with access to managerial and technical expertise and to provide assistance in resolving problems encountered by small businesses.

(7) Cooperate with public and private entities, including the Indiana Small Business Development Center Network and the federal government marketing program, in exercising the powers listed in this subsection.

(8) Establish and administer the small and minority business financial assistance program under IC 5-28-20;

(9) Approve and administer loans from the microenterprise partnership program fund established by IC 5-28-18.

(10) Coordinate state funded programs that assist the organization and development of new enterprises.

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Sec. 2. Debts incurred by the small business development corporation under authority of IC 4-3-12 (before its repeal) do not represent or constitute a debt of the state within the meaning of the Constitution of the State of Indiana or Indiana statutes. The corporation may not incur debt under this chapter. However, the corporation shall assume the debt of the small business development corporation that is outstanding on the date the small business development corporation is abolished.

Chapter 18. Microenterprise Partnership Program Fund

Sec. 1. As used in this chapter, "federal income poverty level" means the nonfarm income official poverty line as determined annually by the federal Office of Management and Budget.

Sec. 2. As used in this chapter, "fund" refers to the microenterprise partnership program fund established by section 7 of this chapter.

Sec. 3. As used in this chapter, "local board" means the:

- (1) governing body of an eligible entity described in section 12 of this chapter; or**
- (2) board of directors of a corporation described in section 13 of this chapter.**

Sec. 4. As used in this chapter, "local pool" includes both a local investment pool established under section 12 of this chapter and a local opportunity pool established under section 13 of this chapter.

Sec. 5. As used in this chapter, "nontraditional entrepreneur" means a person who operates or seeks to establish a business in Indiana and who is described in one (1) or more of the following categories:

- (1) Persons whose employment has been terminated or who have been laid off and who have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which they reside.**
- (2) Persons who are employed but whose family income is not greater than one hundred twenty-five percent (125%) of the federal income poverty level for the same size family.**
- (3) Single parents whose family income is not greater than one hundred twenty-five percent (125%) of the federal income poverty level for the same size family.**
- (4) Minorities.**
- (5) Women.**
- (6) Persons who are at least sixty-five (65) years of age.**
- (7) Persons who are at least eighteen (18) years of age but less than twenty-four (24) years of age.**

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(8) Welfare recipients.

(9) Owners or operators of existing businesses with less than twenty-five (25) employees.

(10) Persons who by reason of physical or mental disability are unable to achieve full vocational participation.

(11) Members of family farms undergoing economic adjustment and seeking sources of income in addition to the farm.

Sec. 6. (a) The general assembly makes the following findings of fact:

(1) There exists in Indiana an inadequate amount of locally managed, pooled investment capital in the private sector available to invest in new and existing business ventures, including business ventures by nontraditional entrepreneurs.

(2) Investing capital and business management advice in new and existing business ventures, including business ventures by nontraditional entrepreneurs, will enhance economic development and create and retain employment in Indiana. This investment will enhance the health and general welfare of the people of Indiana, and it constitutes a public purpose.

(3) Nontraditional entrepreneurs have not engaged in entrepreneurship and self-employment to the extent found in the mainstream of Indiana's population. Realizing the potential of these nontraditional entrepreneurs will enhance Indiana's economic vitality.

(b) It is the policy of the state to promote economic development and entrepreneurial talent of Indiana's inhabitants by the creation of the microenterprise partnership program fund for the public purpose of promoting opportunities for gainful employment and business opportunities.

Sec. 7. (a) The microenterprise partnership program fund is established within the state treasury. The fund is a revolving fund to:

(1) provide loans approved by the corporation under this chapter and IC 5-28-17;

(2) provide loans or loan guarantees under the small and minority business financial assistance program established by IC 5-28-20-9; and

(3) carry out the microenterprise partnership program under IC 5-28-19.

(b) The fund consists of appropriations from the general assembly and loan repayments.

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(c) The corporation shall administer the fund. The following may be paid from money in the fund:

(1) Expenses of administering the fund.

(2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter, IC 5-28-19, and IC 5-28-20.

(d) Earnings from loans made under this chapter shall be deposited in the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(g) The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of the audit.

Sec. 8. (a) The corporation shall perform the following duties:

(1) Establish and implement the policies and procedures to be used by the corporation in the administration of the fund.

(2) Subject to section 10 of this chapter, establish criteria for awarding loans from the fund.

(3) Review and approve or disapprove applications for loans from the fund.

(4) Establish the terms of loans from the fund, which must include the conditions set forth in section 11 of this chapter.

(5) Award the loans approved under this chapter.

(6) Provide the staff and other resources necessary to implement this chapter.

(7) Prepare and distribute to appropriate entities throughout Indiana requests for proposals for the organization and operation of local pools.

(8) Conduct conferences and seminars concerning the fund.

(9) Submit a report concerning the fund to the general assembly before November 1 of each year. The report must include detailed information concerning the structure, operation, and financial condition of the fund. The report must be in an electronic format under IC 5-14-6.

(b) The corporation may enter into contracts necessary for the administration of this chapter, including contracts for servicing loans from the fund.

Sec. 9. A local board may apply for a loan from the fund. A local board's application for a loan must include the following

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information:

- (1) The total amount of the loan requested from the fund.
- (2) The total amount of matching funds to be provided from the local pool operated by the local board and the sources of those matching funds.
- (3) A detailed description of the local pool, including its investment criteria.
- (4) The impact of the proposed loan on job production in the area served by the local pool.
- (5) Any other information requested by the corporation.

Sec. 10. The corporation's criteria for awarding loans from the fund to a local board must include the following factors:

- (1) The extent to which local financial institutions invest and participate in the local pool.
- (2) The extent to which the local pool is used as a secondary source of financing that complements conventional financing provided by existing financial institutions.
- (3) The local board's knowledge of successful business practices.
- (4) The extent to which the local board will target the proceeds of the loan toward nontraditional entrepreneurs.
- (5) The extent to which the local board intends to use the loan proceeds for investment in debt, equity, debt with equity attributes, or other forms of creative financing.
- (6) The extent to which the local board's proposed program will encourage clustering of small business programs through proximity to small business incubators and other sources of small business assistance and technology transfer.
- (7) Other criteria established by the corporation.

Sec. 11. A loan from the fund to a local board is subject to the following conditions:

- (1) The local board may use the loan from the fund only to make and service grants, equity investments, loans, and loan guarantees to persons who are establishing or operating businesses in Indiana. However, the local board may not spend any part of the loan from the fund to defray the expenses of servicing grants, loans, and loan guarantees unless that expenditure is specifically authorized in the loan agreement with the corporation.
- (2) The term of the loan may not exceed twenty (20) years.
- (3) The loan must require the local board to provide matching funds in an amount determined by the corporation. However,

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the total of the loan plus the matching funds must be at least:

- (A) one million dollars (\$1,000,000) for a local investment pool established under section 12 of this chapter; or
- (B) five hundred thousand dollars (\$500,000) for a local opportunity pool established under section 13 of this chapter.

(4) The corporation may forgive or defer payment of all or part of the interest and principal on the loan.

(5) The loan agreement must require the local board, through its staff or consultants, to perform the following duties with respect to recipients of financial assistance from the local pool:

- (A) Provide training in business and financial management techniques.
- (B) Oversee the fiscal operations of the recipients of financial assistance for at least one (1) year following the receipt of that assistance.
- (C) Provide fiscal management assistance to recipients of financial assistance when necessary for at least one (1) year following the receipt of the assistance, including assistance in the preparation and filing of federal and state tax returns.

(6) The local board must make a report concerning the local pool to the corporation before September 1 of each year. The report must include detailed information concerning the structure, operation, and financial condition of the local pool.

(7) Any other conditions that the corporation considers appropriate.

Sec. 12. (a) As used in this section, "eligible entity" means any partnership, unincorporated association, corporation, or limited liability company, whether or not operated for profit, that is established for the purpose of establishing a local investment pool.

(b) A local investment pool may be established only by an eligible entity. A political subdivision may participate in the establishment of an eligible entity but may not be the sole member of the eligible entity.

(c) The articles of incorporation or bylaws of the eligible entity, as appropriate, must provide the following:

- (1) The exclusive purpose of the eligible entity is to establish a local investment pool to:
 - (A) attract private equity investment to provide grants, equity investments, loans, and loan guarantees for the

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establishment or operation of businesses in Indiana; and
 (B) provide a low to moderate rate of return to investors in the short term, with higher rates of return in the long term.

- (2) The governing body of the eligible entity must include:
 - (A) persons who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and
 - (B) representatives of nontraditional entrepreneurs.
- (3) The eligible entity may receive funds from:
 - (A) equity investors;
 - (B) grants and loans from local units of government;
 - (C) grants and loans from the federal government;
 - (D) donations; and
 - (E) loans from the fund.

Sec. 13. (a) A local opportunity pool may be established only by a nonprofit corporation or a for-profit corporation established for that purpose. A political subdivision may participate in the establishment of such a corporation but may not be the sole member of the corporation.

(b) The articles of incorporation or bylaws of a corporation described in subsection (a), as appropriate, must provide the following:

- (1) The exclusive purpose of the corporation described in subsection (a) is to establish a local opportunity pool to:
 - (A) attract sources of funding other than private equity investment to provide grants, loans, and loan guarantees for the establishment or operation of nontraditional entrepreneurial endeavors in Indiana; and
 - (B) enter into financing agreements that seek the return of the principal amounts advanced by the pool, with the potential for a greater return.
- (2) The board of directors of the corporation described in subsection (a) must include:
 - (A) persons who are actively engaged in Indiana in private enterprise, organized labor, or state or local governmental agencies and who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and
 - (B) representatives of nontraditional entrepreneurs.
- (3) The corporation described in subsection (a) may receive funds from:

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- (A) philanthropic foundations;
- (B) grants and loans from local units of government;
- (C) grants and loans from the federal government;
- (D) donations;
- (E) bequests; and
- (F) loans from the fund.

Sec. 14. The making of loans from the fund does not constitute the lending of credit by the state for purposes of any other statute or the Constitution of the State of Indiana.

Chapter 19. Microenterprise Partnership Program

Sec. 1. As used in this chapter, "microenterprise" means a business with fewer than five (5) employees. The term includes startup, home based, and self-employed businesses.

Sec. 2. As used in this chapter, "microloan" means a business loan of not more than twenty-five thousand dollars (\$25,000).

Sec. 3. As used in this chapter, "microloan delivery organization" means a community based or nonprofit program that:

- (1) has developed a viable plan for providing training, access to financing, and technical assistance to microenterprises; and
- (2) meets the criteria and qualifications set forth in this chapter.

Sec. 4. As used in this chapter, "operating costs" refers to the costs associated with administering a loan or a loan guaranty, administering a revolving loan program, or providing for business training and technical assistance to a microloan recipient.

Sec. 5. As used in this chapter, "program" refers to the microenterprise partnership program established under section 6 of this chapter.

Sec. 6. (a) The corporation shall establish the microenterprise partnership program to provide grants to microloan delivery organizations.

(b) A grant provided under subsection (a) may not exceed twenty-five thousand dollars (\$25,000).

(c) A microloan delivery organization receiving a grant under this section must use the grant for the purposes set forth in this chapter.

Sec. 7. To establish the criteria for making a grant to a microloan delivery organization, the corporation shall consider the following:

- (1) The microloan delivery organization's plan for providing business development services and microloans to

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microenterprises.

(2) The scope of services provided by the microloan delivery organization.

(3) The microloan delivery organization's plan for coordinating the services and loans provided under this chapter with those provided by commercial lending institutions.

(4) The geographic representation of all regions of the state, including both urban and rural communities and neighborhoods.

(5) The microloan delivery organization's emphasis on supporting female and minority entrepreneurs.

(6) The ability of the microloan delivery organization to provide business training and technical assistance to microenterprises.

(7) The ability of the microloan delivery organization to monitor and provide financial oversight of recipients of microloans.

(8) The sources and sufficiency of the microloan delivery organization's operating funds.

Sec. 8. A grant received by a microloan delivery organization may be used for the following purposes:

(1) To satisfy matching fund requirements for federal or private grants.

(2) To establish a revolving loan fund from which the microloan delivery organization may make loans to microenterprises.

(3) To establish a guaranty fund from which the microloan delivery organization may guarantee loans made by commercial lending institutions to microenterprises.

(4) To pay the operating costs of the microloan delivery organization. However, not more than ten percent (10%) of a grant may be used for this purpose.

Sec. 9. Money appropriated to the program must be matched by at least an equal amount of money derived from any of the following nonstate sources:

(1) Private foundations.

(2) Federal sources.

(3) Local government sources.

(4) Quasi-governmental entities.

(5) Commercial lending institutions.

(6) Any other source whose funds do not include money

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appropriated by the general assembly.

Sec. 10. At least fifty percent (50%) of the microloan money disbursed by a microloan delivery organization must be disbursed in microloans that do not exceed ten thousand dollars (\$10,000).

Sec. 11. The corporation may prescribe standards, procedures, and other guidelines to implement this chapter.

Sec. 12. The corporation may use money in the microenterprise partnership program fund established by IC 5-28-18-7 or any other money available to the council to carry out this chapter.

Sec. 13. Before August 1 of each year, the corporation shall submit to the budget committee a supplemental report on a longitudinal study:

- (1) describing the economic development outcomes resulting from microloans made under this chapter; and
- (2) evaluating the effectiveness of the microloan delivery organizations and the microloans made under this chapter in:
 - (A) expanding employment and self-employment opportunities in Indiana; and
 - (B) increasing the incomes of persons employed by microenterprises.

Chapter 20. Small and Minority Business Financial Assistance Program

Sec. 1. As used in this chapter, "approved lender" means any:

- (1) lending institution; or
- (2) bank, trust company, building and loan association, or credit union;

that is approved by the corporation as a lender under this chapter.

Sec. 2. As used in this chapter, "fund" refers to the microenterprise partnership program fund established by IC 5-28-18-7.

Sec. 3. As used in this chapter, "loan" means a direct loan from the fund.

Sec. 4. As used in this chapter, "minority business" means an individual, a partnership, a corporation, a limited liability company, or a joint venture of any kind that is owned and controlled by one (1) or more persons who are:

- (1) United States citizens; and
- (2) members of a minority group.

Sec. 5. As used in this chapter, "minority group" means:

- (1) blacks;
- (2) American Indians;
- (3) Hispanics;

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- (4) Asian Americans; and
- (5) other similar racial minority groups.

Sec. 6. As used in this chapter, "owned and controlled" means having:

- (1) ownership of at least fifty-one percent (51%) of the enterprise, including corporate stock of a corporation;
- (2) control over the management and being active in the day to day operations of the business; and
- (3) an interest in the capital, assets, and profits and losses of the business proportionate to the percentage of ownership.

Sec. 7. As used in this chapter, "program" refers to the small and minority business financial assistance program established by section 9 of this chapter.

Sec. 8. As used in this chapter, "small business" has the meaning set forth in IC 5-22-14-1. The term includes an independently owned and operated business that is operating under a franchise from another business.

Sec. 9. The small and minority business financial assistance program is established to provide loans and loan guarantees under this chapter.

Sec. 10. The corporation shall do the following:

- (1) Establish and implement the policies and procedures to be used in the administration of this chapter.
- (2) Enter into contracts and guarantee agreements, as necessary, with approved lenders, state governmental agencies, corporations, and United States governmental agencies, including agreements for federal insurance of losses resulting from death, default, bankruptcy, or total and permanent disability of borrowers.
- (3) Establish criteria for awarding loans and loan guarantees from the fund, and require that any loan or loan guarantee under this chapter be disbursed and repaid in the manner that the corporation prescribes.
- (4) Accept, use, and disburse federal funds made available to the corporation by the federal government for the purposes described in this section.
- (5) Take, hold, and administer, on behalf of any loan program and for purposes of this chapter, property and money and the interest and income derived from the property and money either absolutely or in trust.
- (6) Accept gifts, grants, bequests, devises, and loans for purposes of this chapter.

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(7) Adopt bylaws to implement this chapter.

Sec. 11. (a) An obligation of the program for losses on loans resulting from death, default, bankruptcy, or total or permanent disability of borrowers is not a debt of the state but is payable solely from the fund.

(b) The making of loans from the fund does not constitute the lending of credit by the state for purposes of any other statute or the Constitution of the State of Indiana.

Sec. 12. From the fund, the corporation shall:

(1) guarantee loans made by approved lenders upon conditions prescribed under this chapter to small or minority businesses to assist them in the operation or expansion of their businesses; and

(2) make loans upon conditions prescribed under this chapter to small or minority businesses for the purpose of assisting them in the operation and expansion of their businesses.

Sec. 13. In making loans from the fund, the corporation shall require that the recipients of the loans receive training in business and financial management skills, including the preparation and filing of state and federal tax returns.

Sec. 14. (a) The training required by section 13 of this chapter may be provided by consultants or staff members of the corporation. The corporation shall establish standards for the training.

(b) The duties of the consultants or staff members are as follows:

(1) To provide training in business and financial management techniques to the recipients of loans under this chapter when directed by the corporation.

(2) To oversee the fiscal operations of recipients of loans under this chapter for at least one (1) year following the receipt of the loan.

(3) To provide fiscal management assistance when necessary for at least one (1) year following the receipt of the loan, including assisting recipients in filing state and federal tax returns.

Chapter 21. Small Business Incubator Program

Sec. 1. As used in this chapter, "economically disadvantaged area" has the meaning set forth in IC 6-3.1-9-1.

Sec. 2. As used in this chapter, "fund" refers to the small business incubator fund established by section 6 of this chapter.

Sec. 3. As used in this chapter, "incubator" means a facility in

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which space may be leased by a tenant and in which management provides access to business development services for use by tenants.

Sec. 4. As used in this chapter, "sponsor" means an organization that enters into a written agreement with the corporation to:

- (1) establish, operate, and administer a small business incubator; or
- (2) provide funding to an organization that operates a small business incubator.

Sec. 5. As used in this chapter, "tenant" means a sole proprietorship, partnership, limited liability company, or corporation operating a business and occupying space in an incubator.

Sec. 6. (a) The small business incubator fund is established within the state treasury. The fund is a revolving fund. The fund shall be used to provide grants, loans, and loan guarantees under this chapter.

(b) The fund consists of appropriations from the general assembly and loan repayments.

(c) The corporation shall administer the fund. The following may be paid from money in the fund:

- (1) Expenses of administering the fund.
- (2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

(e) Repayments of loans from the fund, including interest, shall be deposited in the fund.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 7. A political subdivision (as defined in IC 36-1-2-13), a nonprofit organization, or a for-profit organization may submit an application to the corporation to obtain a grant, loan, or loan guarantee to establish a small business incubator. The application must:

- (1) describe the facility that is to be converted to an incubator;
- (2) specify the cost of the conversion;
- (3) demonstrate the ability of the applicant to directly provide

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or arrange for the provision of business development services (including financial consulting assistance, management and marketing assistance, and physical services) for tenants of the incubator;

(4) demonstrate a potential for sustained use of the incubator by eligible tenants through a market study or other means;

(5) demonstrate the ability of the applicant to operate the incubator in accordance with section 19 of this chapter;

(6) state that the applicant will not discriminate against an employee or applicant for employment on the basis of race, religion, color, national origin, sex, or age; and

(7) include any other information required by the corporation.

Sec. 8. The corporation shall award grants, loans, and loan guarantees based on the following criteria:

(1) The ability of the applicant to comply with section 19 of this chapter.

(2) The economic impact of the incubator on the community.

(3) Conformance with any areawide and local economic development plans.

(4) The location of the incubator, in order to encourage geographic distribution of incubators throughout Indiana.

(5) Other criteria established by the corporation.

Sec. 9. Grants and loans awarded or guaranteed under this chapter may be used only for the following purposes, when necessary for the creation and operation of an incubator:

(1) The acquisition and leasing of land and existing buildings.

(2) The construction or rehabilitation of buildings or other facilities.

(3) The purchase of equipment and furnishings.

(4) The payment of operating expenses of the incubator during the first twenty-four (24) months of its operation.

Sec. 10. A grant under this chapter may not exceed the lesser of:

(1) fifty percent (50%) of the total eligible project costs; or

(2) two hundred fifty thousand dollars (\$250,000).

Sec. 11. An applicant for a grant may only use the grant in an economically disadvantaged area.

Sec. 12. A loan or loan guarantee under this chapter may not exceed the lesser of:

(1) fifty percent (50%) of the total eligible project costs; or

(2) five hundred thousand dollars (\$500,000).

Sec. 13. An applicant may apply for both a grant and a loan or

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loan guarantee, but the combined grant and loan or loan guarantee may not exceed five hundred thousand dollars (\$500,000).

Sec. 14. (a) A loan under this chapter must be secured by liens on collateral at the highest level of priority that can accommodate the borrower's ability to raise sufficient debt and equity capital.

(b) A financial institution holding an obligation that is guaranteed under this chapter must adequately secure the obligation.

Sec. 15. A grant, loan, or loan guarantee for an incubator in a facility that is leased may be made only if the applicant intends to buy the facility. A loan or loan guarantee must be secured by a leasehold mortgage.

Sec. 16. The corporation may defer payment of interest and principal on a loan under this chapter for not more than two (2) years.

Sec. 17. In order to establish a rate of interest for a loan under this chapter, the corporation shall select a nationally recognized index of municipal bond averages and a date not less than one (1) month nor more than two (2) months before the granting of the loan. The rate of interest on the loan must be one percent (1%) less than the average published on the date closest to the selected date by the selected nationally recognized index, rounded to the next lowest whole percent. The corporation may determine that the rounding down should be to a fraction of a percent that is a multiple of either one-tenth of one percent (0.1%) or one-fourth of one percent (0.25%).

Sec. 18. A loan or loan guarantee under this chapter may not exceed the lesser of:

- (1)** ten (10) years; or
- (2)** the useful life of the property for which the loan is granted or guaranteed, as determined by the United States Department of the Treasury.

Sec. 19. A sponsor or an organization receiving assistance through a sponsor has the following duties in establishing and operating a small business incubator with assistance under this chapter:

- (1)** Securing title to the facility or leasing the facility with the intent to secure title.
- (2)** Managing the physical development of the incubator facility, including the provision of common conference or meeting space.
- (3)** Furnishing and equipping the facility to provide business

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services to the tenants.

(4) Marketing the facility and securing eligible tenants.

(5) Providing or arranging for the provision of financial consulting, assistance in accessing private financial markets, and marketing and management assistance services for the tenants.

(6) Establishing rental and service fees.

(7) Encouraging the sharing of ideas among tenants and aiding the tenants in an innovative manner while they are within the incubator.

(8) Establishing policies for the:

(A) acceptance of tenants into the incubator; and

(B) termination of occupancy by tenants.

(9) Encouraging the establishment of small business incubators in economically disadvantaged areas. However, if the small business incubator secures only a loan or loan guarantee under this chapter, this subdivision does not limit the establishment of the small business incubator to economically disadvantaged areas.

(10) Establishing a local advisory committee to assist in the performance of the duties listed in this section. Advisory committee members must represent fields that can contribute to the sound operation of the incubator, such as accounting, finance, law, education, and small business. Advisory committee members may not vote on projects of sponsors or tenants with whom the member is financially affiliated.

Sec. 20. The corporation has the following duties under this chapter:

(1) Making grants, loans, and loan guarantees to sponsors for small business incubators.

(2) Ensuring that sponsors receiving grants, loans, or loan guarantees meet the conditions of this chapter.

(3) Receiving and evaluating annual reports from sponsors. These reports must include a financial statement for the incubator, evidence that all the tenants in the incubator are eligible under the terms of this chapter, a list of tenants in the incubator, and any other information required by the corporation.

(4) Establishing policies to implement this chapter. These policies must include provisions permitting greater flexibility with respect to the establishment and operation of incubators in the areas described in section 19(9) of this chapter,

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including more flexible tenant policies.

Sec. 21. Before July 2 each year, the corporation shall provide the legislative council and the governor with a report that includes the following information:

- (1) The number of applications for incubators received by the corporation.
- (2) The number of applications for incubators approved by the corporation.
- (3) The number of incubators created under this chapter.
- (4) The number of tenants occupying each incubator.
- (5) The occupancy rate of each incubator.
- (6) The number of jobs provided by each incubator and the tenants of each incubator.
- (7) The number of firms still operating in Indiana after leaving incubators and the number of jobs provided by those firms. The corporation shall attempt to identify the reasons firms that were established in an incubator have moved to another state.

The report to the legislative council must be in an electronic format under IC 5-14-6.

Sec. 22. The corporation may establish one (1) or more advisory committees to assist the corporation in implementing this chapter. Advisory committee members may not be affiliated financially with a sponsor or tenant and must represent fields that can contribute to the sound operation of the incubator program (such as accounting, finance, law, education, and small business).

Chapter 22. Film Industry Development

Sec. 1. The corporation shall encourage the filming of:

- (1) motion pictures at sites in Indiana; and
- (2) television shows, commercials, and other audiovisual communications in Indiana.

Sec. 2. (a) The corporation shall:

- (1) establish a close working relationship with film industry representatives in the United States and abroad, if appropriate;
- (2) coordinate locational activities in Indiana;
- (3) provide liaison activities during actual film production;
- (4) perform all appropriate research and background work related to the determination of film industry plans and requirements; and
- (5) establish an aggressive promotional and informational effort designed to attract film producers to Indiana.

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(b) The corporation and its staff members may work closely with other agencies of state government or with any other individual, institution, or group to accomplish the responsibilities enumerated in subsection (a).

Chapter 23. Business Modernization and Technology

Sec. 1. (a) The corporation shall do the following:

(1) Contribute to the strengthening of the economy of Indiana through the development of science and technology and to promote the modernization of Indiana businesses by supporting the transfer of science, technology, and quality improvement methods to the workplace.

(2) Submit an annual report to the governor and to the general assembly (in an electronic format under IC 5-14-6) that is due on the first day of November for each year and must include detailed information on the corporation's efforts to carry out this chapter. The corporation shall conduct an annual public hearing to receive comments from interested parties regarding the report, and notice of the hearing shall be given at least fourteen (14) days before the hearing in accordance with IC 5-14-1.5-5(b).

(b) The corporation may do the following:

(1) Receive money from any source, borrow money, enter into contracts, and expend money for activities appropriate to its purpose under this chapter.

(2) Do things necessary or incidental to carrying out the functions listed in this chapter.

(3) Establish a statewide business modernization network to assist Indiana businesses in identifying ways to increase productivity and market competitiveness.

(4) Identify scientific and technological problems and opportunities related to the economy of Indiana and formulate proposals to overcome those problems or realize those opportunities.

(5) Identify specific areas in which scientific research and technological investigation will contribute to the improvement of productivity of Indiana manufacturers and farmers.

(6) Determine specific areas in which financial investment in scientific and technological research and development from private businesses located in Indiana could be improved or increased if state resources were made available to assist in financing activities.

(7) Assist in establishing cooperative associations of

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universities in Indiana and of private enterprises to coordinate research and development programs that will, consistent with the primary educational function of the universities, aid in the creation of new jobs in Indiana.

(8) Assist in financing the establishment and continued development of technology intensive businesses in Indiana.

(9) Advise universities of the research needs of Indiana businesses and improve the exchange of scientific and technological information for the mutual benefit of universities and private businesses.

(10) Coordinate programs established by universities to provide Indiana businesses with scientific and technological information.

(11) Establish programs in scientific education that will support the accelerated development of technology intensive businesses in Indiana.

(12) Provide financial assistance through contracts, grants, and loans to programs of scientific and technological research and development.

(13) Determine how public universities can increase income derived from the sale or licensure of products or processes having commercial value that are developed as a result of university sponsored research programs.

Sec. 2. Debts incurred by the business modernization and technology corporation under authority of IC 4-3-1 (before its repeal) do not represent or constitute a debt of the state within the meaning of the Constitution of the State of Indiana or Indiana statutes. The corporation may not incur debt under this chapter. However, the corporation shall assume the debt of the business modernization and technology corporation that is outstanding on the date the business modernization and technology corporation is abolished.

Sec. 3. The corporation shall consider projects involving the creation of the following:

(1) Markets for products made from recycled materials.

(2) New products made from recycled materials.

Chapter 24. Investment Incentive Program

Sec. 1. As used in this chapter, "municipality" means a city or town.

Sec. 2. The corporation shall establish policies to carry out an investment incentive program. The purpose of the program is to provide grants and loans to counties and municipalities that will,

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in turn, be loaned to certain new or expanding businesses for construction or for the purchase of real or personal property.

Sec. 3. (a) The corporation shall adopt policies and guidelines to establish the criteria for awarding grants and loans to counties and municipalities.

(b) The criteria for awarding the grants and loans must include the:

- (1)** economic need of the county or municipality;
- (2)** impact of the new or expanding business on employment and output in the county or municipality;
- (3)** importance of state participation to the investment decision;
- (4)** impact of state assistance to job production in the county or municipality; and
- (5)** extent of other public and private participation.

Sec. 4. (a) The corporation shall establish criteria to guide counties and municipalities in making loans to businesses.

(b) The terms of the loans must include provisions stating that:

- (1)** loans shall be restricted to enterprises that create new and permanent jobs;
- (2)** loans may not exceed the greater of:
 - (A)** ten percent (10%) of the total investment; or
 - (B)** two hundred fifty thousand dollars (\$250,000); and
- (3)** the principal and interest on the loan must be repaid to the county or municipality.

(c) All loans by a county or municipality under this chapter are subject to approval by the corporation.

Sec. 5. The corporation may:

- (1)** adopt policies and guidelines to carry out this chapter;
- (2)** accept money and other things of value from all sources;
- (3)** provide services and materials to carry out the purposes of the program;
- (4)** evaluate the program; and
- (5)** involve other entities, by contract or otherwise, in carrying out the purposes of the program.

Sec. 6. (a) The repayment proceeds of a loan made from a grant under this chapter shall be used by the county or municipality for any economic or community development activity, including:

- (1)** making loans to businesses; and
- (2)** the construction or reconstruction of any street, sewer, or other capital improvement that will promote economic development in the community or the repayment of bonds

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used to finance the construction or reconstruction.

(b) All uses of repaid loan proceeds by a county or municipality under this chapter are subject to approval by the corporation.

Sec. 7. The corporation may not make a grant from state appropriated funds to a county or municipality under this chapter unless the county or municipality agrees to lend to the new or expanding business an amount greater than or equal to the state grant.

Sec. 8. (a) A loan to a county or municipality made under this chapter is not a general obligation of the county or municipality and is payable solely from revenues derived from the new or expanding business.

(b) Before making a loan to a county or municipality, the corporation shall determine that there is reasonable assurance that the loan will be repaid. In making this determination, the corporation shall consider:

- (1) the financial condition of the business;
- (2) the financial feasibility of the expansion being undertaken by the business;
- (3) the adequacy of collateral for the loan; and
- (4) any other information that the corporation considers relevant to its determination.

Sec. 9. (a) The investment incentive fund is established within the state treasury to provide grants and loans to counties and municipalities.

(b) The fund consists of appropriations from the general assembly and loan repayments.

(c) The corporation shall administer the fund. The following may be paid from money in the fund:

- (1) Expenses of administering the fund.
- (2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(d) Earnings from loans made under this chapter shall be deposited the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

Chapter 25. Industrial Development Grant Fund

Sec. 1. As used in this chapter, "eligible entity" means:

- (1) a city;

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- (2) a town;
- (3) a county;
- (4) a special taxing district;
- (5) an economic development commission established under IC 36-7-12;
- (6) a nonprofit corporation;
- (7) a corporation established under IC 23-7-1.1 (before its repeal on August 1, 1991) or IC 23-17 to distribute water for domestic and industrial use;
- (8) a regional water, sewage, or solid waste district;
- (9) a conservancy district that includes in its purpose the distribution of domestic water or the collection and treatment of waste; or
- (10) the Indiana development finance authority established under IC 4-4-11.

Sec. 2. As used in this chapter, "fund" refers to the industrial development grant fund established by section 4 of this chapter.

Sec. 3. As used in this chapter, "industrial development program" means a program designed to aid economic development in Indiana and includes:

- (1) the construction of airports, airport facilities, and tourist attractions;
- (2) the construction, extension, or completion of:
 - (A) sanitary sewerlines, storm sewers, and other related drainage facilities;
 - (B) waterlines;
 - (C) roads and streets;
 - (D) sidewalks;
 - (E) rail spurs and sidings; and
 - (F) information and high technology infrastructure (as defined in IC 5-28-9-4);
- (3) the leasing, purchase, construction, repair, and rehabilitation of property, both real and personal; and
- (4) the preparation of surveys, plans, and specifications for the construction of publicly owned and operated facilities, utilities, and services.

Sec. 4. (a) The industrial development grant fund is established within the state treasury. Grants may be made from the fund to eligible entities in accordance with this chapter and the rules adopted under this chapter.

(b) The corporation may receive and accept, for purposes of the fund, grants, gifts, and contributions from public and private

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sources, including, on behalf of the state, grants from agencies and instrumentalities of the United States.

(c) The fund consists of appropriations from the general assembly.

(d) The corporation shall administer the fund. The following may be paid from money in the fund:

(1) Expenses of administering the fund.

(2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund.

(f) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

Sec. 5. (a) The secretary of commerce, subject to the approval of the governor and budget director, may direct the auditor of state to make an approved grant from the fund to an eligible entity.

(b) The money granted must be used by the recipient to institute and administer an approved industrial development program.

SECTION 35. IC 6-1.1-10-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 42. (a) A corporation that is:

(1) nonprofit; and

(2) participates in the small business incubator program under ~~IC 4-4-18~~; **IC 5-28-21**;

is exempt from property taxation to the extent of tangible property used for small business incubation.

(b) A corporation that wishes to obtain an exemption from property taxation under this section must file an exemption application under IC 6-1.1-11.

SECTION 36. IC 6-1.1-12.1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. On a quadrennial basis, the general assembly shall provide for an evaluation of the provisions of this chapter, giving first priority to using the Indiana economic development ~~council~~ **corporation** established under ~~IC 4-3-14-4~~. **IC 5-28-3**. The evaluation must be a fiscal analysis, including an assessment of the effectiveness of the provisions of this chapter to:

(1) create new jobs;

(2) increase income; and

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(3) increase the tax base;
 in the jurisdiction of the designating body. The fiscal analysis may also consider impacts on tax burdens borne by various classes of property owners. The fiscal analysis may also include a review of the practices and experiences of other states or political subdivisions with laws similar to the provisions of this chapter. The **president board** of the Indiana economic development ~~council~~ **corporation** established under ~~IC 4-3-14-4~~ **IC 5-28-4** or another person or entity designated by the general assembly shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives before December 1, 1999, and every fourth year thereafter.

SECTION 37. IC 6-1.1-20.7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter, "board" means the ~~enterprise zone~~ **board of the Indiana economic development corporation** created under ~~IC 4-4-6-1~~ **IC 5-28-4**.

SECTION 38. IC 6-1.1-20.7-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) Except as provided in subsection (b), a person is not entitled to claim the credit provided by this chapter to the extent that the person substantially reduces or ceases its operations in Indiana in order to relocate them within the industrial recovery site. A determination that a person is not entitled to the credit provided by this chapter as a result of a substantial reduction or cessation of operations applies to credits that would otherwise reduce a person's property tax liability attributable to the assessment date in the year in which the substantial reduction or cessation occurs and to credits in all subsequent years. Notwithstanding section 11 of this chapter, determinations under this section shall be made by the board in accordance with ~~IC 4-4-6-1-6~~ **IC 5-28-15-15**.

(b) This section does not apply if the operations that are substantially reduced or ceased are in the same municipality as the industrial recovery site and the consent, by ordinance or resolution, of the legislative body of the municipality is secured. However, in that case the industrial recovery site inventory value on each of the assessment dates following the substantial reduction or cessation of operations shall be reduced by an amount equal to:

- (1) in the case of a cessation of operations at a location within the municipality, the assessed value of the inventory at the location on the assessment date before the cessation; or
- (2) in the case of a substantial reduction of operations at a location within the municipality, the assessed value of the

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inventory at the location on the assessment date before the date that the substantial reduction began, minus:

- (A) the assessed value of the inventory at the location on the current assessment date if the substantial reduction has not been completed as of that date; or
- (B) the assessed value of the inventory at the location on the assessment date immediately preceding the date that the substantial reduction was completed.

The amount of the industrial recovery site inventory value as computed under this subsection may not be less than zero (0).

SECTION 39. IC 6-1.1-20.8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A person is entitled to a credit against ~~his~~ **the person's** property tax liability under IC 6-1.1-2 for a particular year in the amount of ~~his~~ **the person's** property tax liability under IC 6-1.1-2 on enterprise zone inventory for that year.

(b) As used in this section, "enterprise zone inventory" means inventory, as defined in IC 6-1.1-3-11, that is located within an enterprise zone created under ~~IC 4-4-6-1~~ **IC 5-28-15** on the assessment date.

SECTION 40. IC 6-1.1-20.8-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.5. (a) A person that desires to claim the credit provided by section 1 of this chapter shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the credit is claimed was located on the assessment date. A person that timely files a personal property return under IC 6-1.1-3-7(a) for an assessment year must file the application between March 1 and May 15 of that year in order to obtain the credit in the following year. A person that obtains a filing extension under IC 6-1.1-3-7(b) for an assessment year must file the application between March 1 and the extended due date for that year in order to obtain the credit in the following year.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance requires to determine eligibility for the credit provided under this chapter.

(c) Compliance with this chapter does not exempt a person from compliance with ~~IC 4-4-6-1-2.5~~ **IC 5-28-15-7**.

SECTION 41. IC 6-1.1-20.8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. An urban enterprise association created under ~~IC 4-4-6-1-4~~ **IC 5-28-15-13** may

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by resolution waive failure to file a:

- (1) timely; or
- (2) complete;

credit application under section 2.5 of this chapter. Before adopting a waiver under this ~~subsection~~, **section**, the urban enterprise association shall conduct a public hearing on the waiver.

SECTION 42. IC 6-1.1-21.8-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) As used in this section, "delinquent tax" means any tax:

- (1) owed by a taxpayer in a bankruptcy proceeding initially filed in 2001; and
- (2) not paid during the calendar year in which it was first due and payable.

(b) Except as provided in subsection (d), the proceeds of a loan received by the qualified taxing unit under this chapter are not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt by a qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.

(c) The proceeds of a loan made under this chapter must first be used to retire any outstanding loans made by the department of commerce **(including any loans made by the department of commerce that are transferred to the Indiana economic development corporation)** to cover a qualified taxing unit's revenue shortfall resulting from the taxpayer's default on property tax payments. Any remaining proceeds of a loan made under this chapter and any payment of delinquent taxes by the taxpayer may be expended by the qualified taxing unit only to pay obligations of the qualified taxing unit that have been incurred under appropriations for operating expenses made by the qualified taxing unit and approved by the department of local government finance.

(d) If the sum of the receipts of a qualified taxing unit that are attributable to:

- (1) the loan proceeds; and
- (2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding and payable in November 2001, May

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2002, or November 2002;
exceeds the sum of the taxpayer's property tax liability attributable to the qualified taxing unit for property taxes payable in November 2001, May 2002, and November 2002, the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of property taxes as referred to in subdivision (2), the amount of property tax credit finally allowed under IC 6-1.1-21-5 in respect to those taxes is considered to be a payment of those property taxes.

SECTION 43. IC 6-1.1-39-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. As used in this chapter, "industrial development program" has the meaning set forth in ~~IC 4-4-8-1~~ **IC 5-28-9-3**.

SECTION 44. IC 6-1.1-39-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.5. (a) Within thirty (30) days after the adoption of the ordinance under section 2 of this chapter, the fiscal body shall file with the ~~department of commerce~~ **Indiana economic development corporation**:

- (1) a copy of the ordinance;
- (2) a description of the proposed industrial development program and qualified industrial development project; and
- (3) other additional data and information that will enable the ~~department of commerce~~ **Indiana economic development corporation** to determine preliminarily whether the unit may qualify for a loan from the industrial development fund established under ~~IC 4-4-8~~ **IC 5-28-9**.

(b) The ~~department~~ **Indiana economic development corporation** shall review the data and related information submitted under subsection (a) to determine preliminarily whether:

- (1) the proposed project will qualify as a qualified industrial development project;
- (2) there is a reasonable likelihood that the proposed qualified industrial development project will be initiated and accomplished; and
- (3) there is a reasonable likelihood that an application by the unit under ~~IC 4-4-8-5~~ **IC 5-28-9-12** for a loan from the industrial development fund to institute and administer the proposed industrial development program will be approved by the ~~department~~ **Indiana economic development corporation** and the state board of finance.

(c) If the ~~department~~ **Indiana economic development corporation** preliminarily determines under subsection (b) that the proposed project does not or will not qualify as a qualified industrial development

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project or that there is not a reasonable likelihood that a loan from the industrial development fund will be approved under ~~IC 4-4-8-5~~, **IC 5-28-9-12**, the ~~department~~ **corporation** shall certify this determination in writing to the fiscal body adopting the ordinance. Upon this certification, the ordinance proposing to establish the economic development district is void.

(d) If the ~~department~~ **Indiana economic development corporation** preliminarily determines under subsection (b) that the proposed project qualifies or will qualify as a qualified industrial development project and that there is a reasonable likelihood that a loan from the industrial development fund will be approved under ~~IC 4-4-8-5~~, **IC 5-28-9-12**, the ~~department~~ **corporation** shall certify this determination to the fiscal body adopting the ordinance proposing to establish the economic development district. Upon receipt of this certification, the fiscal body shall proceed to take final action with respect to the ordinance in accordance with section 3 of this chapter.

(e) A favorable preliminary certification under subsection (d) does not, however, represent or constitute a final determination by the ~~department~~ **Indiana economic development corporation** and state board of finance as to whether the unit will obtain a loan from the industrial development fund in accordance with ~~IC 4-4-8~~, **IC 5-28-9**.

SECTION 45. IC 6-1.1-39-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The fiscal body shall publish notice of the adoption and substance of the ordinance in accordance with IC 5-3-1 after:

- (1) the adoption of the ordinance under section 2 of this chapter; and
- (2) the fiscal body receives preliminary certification from the ~~department of commerce~~ **Indiana economic development corporation** under section 2.5 of this chapter that the proposed industrial development project qualifies as a qualified industrial development project and that there is a reasonable likelihood that a loan from the industrial development fund will be approved under ~~IC 4-4-8-5~~, **IC 5-28-9-12**.

The notice must state the general boundaries of the area designated as an economic development district and must state that written remonstrances may be filed with the fiscal body until the time designated for the hearing. The notice must also name the place, date, and time when the fiscal body will receive and hear remonstrances and objections from persons interested in or affected by the proceedings pertaining to the proposed economic development district designation and will determine the public utility and benefit of the proposed

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economic development district designation. All persons affected in any manner by the hearing, including all taxpayers of the economic development district, shall be considered notified of the pendency of the hearing and of subsequent acts, hearings, adjournments, and orders of the fiscal body affecting the economic development district if the fiscal body gives the notice required by this section.

(b) A copy of the notice of the hearing shall be filed with the office of the unit's plan commission, board of zoning appeals, works board, park board, building commissioner, and any other departments, bodies, or officers of the unit having to do with unit planning, variances from zoning ordinances, land use, or the issuance of building permits.

(c) At the hearing, which may be recessed and reconvened from time to time, the fiscal body shall hear all persons interested in the proceedings and shall consider all written remonstrances and objections that have been filed. After considering the evidence presented, the fiscal body shall take final action determining the public utility and benefit of the proposed economic development district designation and confirming, modifying and confirming, or rescinding the ordinance. The final action taken by the fiscal body shall be recorded and is final and conclusive, except that an appeal may be taken in the manner prescribed by section 4 of this chapter.

SECTION 46. IC 6-1.1-39-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A declaratory ordinance adopted under section 2 of this chapter and confirmed under section 3 of this chapter must include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. The allocation provision must apply to the entire economic development district. The allocation provisions must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the economic development district be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units. However, if the effective date of the allocation provision of a declaratory ordinance is after March 1, 1985, and before January 1, 1986, and if an improvement to

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property was partially completed on March 1, 1985, the unit may provide in the declaratory ordinance that the taxes attributable to the assessed value of the property as finally determined for March 1, 1984, shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, part or all of the property tax proceeds in excess of those described in subdivision (1), as specified in the declaratory ordinance, shall be allocated to the unit for the economic development district and, when collected, paid into a special fund established by the unit for that economic development district that may be used only to pay the principal of and interest on obligations owed by the unit under IC 4-4-8 **(before its repeal) or IC 5-28-9** for the financing of industrial development programs in, or serving, that economic development district. The amount not paid into the special fund shall be paid to the respective units in the manner prescribed by subdivision (1).

(3) When the money in the fund is sufficient to pay all outstanding principal of and interest (to the earliest date on which the obligations can be redeemed) on obligations owed by the unit under IC 4-4-8 **(before its repeal) or IC 5-28-9** for the financing of industrial development programs in, or serving, that economic development district, money in the special fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subdivision (1).

(b) Property tax proceeds allocable to the economic development district under subsection (a)(2) must, subject to subsection (a)(3), be irrevocably pledged by the unit for payment as set forth in subsection (a)(2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the economic development district that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory ordinance is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Notwithstanding any other law, each assessor shall, upon petition of the fiscal body, reassess the taxable property situated upon or in, or added to, the economic development district effective on the next assessment date after the petition.

(e) Notwithstanding any other law, the assessed value of all taxable

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property in the economic development district, for purposes of tax limitation, property tax replacement (except as provided in IC 6-1.1-21-3(c), IC 6-1.1-21-4(a)(3), and IC 6-1.1-21-5(c)), and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(f) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1.

(g) As used in this section, "property taxes" means:

- (1) taxes imposed under this article on real property; and
- (2) any part of the taxes imposed under this article on depreciable personal property that the unit has by ordinance allocated to the economic development district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives.

If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under subdivision (2).

(h) As used in this section, "base assessed value" means:

- (1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (f); plus
- (2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Subdivision (2) applies only to economic development districts established after June 30, 1997, and to additional areas established after June 30, 1997.

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SECTION 47. IC 6-1.1-39-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. If no loans have been made to a unit under IC 4-4-8 **(before its repeal) or IC 5-28-9** for the financing of industrial development programs in an economic development district within two (2) years from the date of the ordinance confirming the establishment of that district, or if money in the special fund established by the unit for that district is sufficient to pay all principal of and interest on and the performance of all other obligations by a unit on all loans made under IC 4-4-8 **(before its repeal) or IC 5-28-9** for the financing of industrial development programs in, or serving, an economic development district, then the economic development district designation expires.

SECTION 48. IC 6-1.1-39-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The fiscal body of a unit may by ordinance authorize the issuance of obligations to the department of commerce under IC 4-4-8 **(before its repeal) or to the Indiana economic development corporation under IC 5-28-9** payable solely from taxes allocated under section 5 of this chapter. Any obligations issued and payable from taxes allocated under section 5 of this chapter are not general obligations of the unit that established the economic development district under this chapter.

(b) The economic development district created by a unit under this chapter is a special taxing district authorized by the general assembly to enable the unit to provide special benefits to taxpayers in the economic development district by providing local public improvements that are of public use and benefit.

(c) The ordinance of a unit authorizing the issuance of obligations must contain a finding of the fiscal body that the proposed industrial development program:

- (1) constitutes a local public improvement;
- (2) provides special benefits to property owners in the district; and
- (3) will be of public use and benefit.

(d) Proceeds of obligations issued under this section, ~~and~~ IC 4-4-8 **(before its repeal), and IC 5-28-9** may be used to pay for the following:

- (1) The cost of local public improvements.
- (2) Interest on the obligations for the period of construction of the local public improvements plus one (1) year after completion of construction.
- (3) Reasonable debt service reserves.
- (4) Costs of issuance of the obligations.

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(5) Any other reasonable and necessary expenses related to issuance of the obligations.

(e) Notwithstanding any other law, IC 6-1.1-20 does not apply to obligations payable solely from tax proceeds allocated under section 5 of this chapter.

SECTION 49. IC 6-1.1-43-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. This chapter applies to the following economic development incentive programs:

(1) Grants and loans provided by the ~~department of commerce under IC 4-4.~~ **Indiana economic development corporation under IC 5-28.**

(2) Incentives provided in an economic revitalization area under IC 6-1.1-12.1.

(3) Incentives provided under IC 6-3.1-13.

(4) Incentives provided in an airport development zone under IC 8-22-3.5-14.

SECTION 50. IC 6-3-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) As used in this section:

"Base period wages" means the following:

(1) In the case of a taxpayer other than a pass through entity, wages paid or payable by a taxpayer to its employees during the year that ends on the last day of the month that immediately precedes the month in which an enterprise zone is established, to the extent that the wages would have been qualified wages if the enterprise zone had been in effect for that year. If the taxpayer did not engage in an active trade or business during that year in the area that is later designated as an enterprise zone, then the base period wages equal zero (0). If the taxpayer engaged in an active trade or business during only part of that year in an area that is later designated as an enterprise zone, then the department shall determine the amount of base period wages.

(2) In the case of a taxpayer that is a pass through entity, base period wages equal zero (0).

"Enterprise zone" means an enterprise zone created under ~~IC 4-4-6-1.~~ **IC 5-28-15.**

"Enterprise zone adjusted gross income" means adjusted gross income of a taxpayer that is derived from sources within an enterprise zone. Sources of adjusted gross income shall be determined with respect to an enterprise zone, to the extent possible, in the same manner that sources of adjusted gross income are determined with respect to the state of Indiana under IC 6-3-2-2.

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"Enterprise zone gross income" means gross income of a taxpayer that is derived from sources within an enterprise zone.

"Enterprise zone insurance premiums" means insurance premiums derived from sources within an enterprise zone.

"Monthly base period wages" means base period wages divided by twelve (12).

"Pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) trust;
- (4) limited liability company; or
- (5) limited liability partnership.

"Qualified employee" means an individual who is employed by a taxpayer and who:

- (1) has ~~his~~ **the individual's** principal place of residence in the enterprise zone in which ~~he~~ **the individual** is employed;
- (2) performs services for the taxpayer, ninety percent (90%) of which are directly related to the conduct of the taxpayer's trade or business that is located in an enterprise zone;
- (3) performs at least fifty percent (50%) of ~~his~~ **the individual's** services for the taxpayer during the taxable year in the enterprise zone; and
- (4) in the case of an individual who is employed by a taxpayer that is a pass through entity, was first employed by the taxpayer after December 31, 1998.

"Qualified increased employment expenditures" means the following:

- (1) For a taxpayer's taxable year other than ~~his~~ **the taxpayer's** taxable year in which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during the taxable year to qualified employees exceeds the taxpayer's base period wages.
- (2) For the taxpayer's taxable year in which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during all of the full calendar months in the taxpayer's taxable year that succeed the date on which the enterprise zone was established exceed the taxpayer's monthly base period wages multiplied by that same number of full calendar months.

"Qualified state tax liability" means a taxpayer's total income tax liability incurred under:

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- (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax) with respect to enterprise zone adjusted gross income;
- (2) IC 27-1-18-2 (insurance premiums tax) with respect to enterprise zone insurance premiums; and
- (3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this section.

"Qualified wages" means the wages paid or payable to qualified employees during a taxable year.

"Taxpayer" includes a pass through entity.

(b) A taxpayer is entitled to a credit against the taxpayer's qualified state tax liability for a taxable year in the amount of the lesser of:

- (1) the product of ten percent (10%) multiplied by the qualified increased employment expenditures of the taxpayer for the taxable year; or
- (2) one thousand five hundred dollars (\$1,500) multiplied by the number of qualified employees employed by the taxpayer during the taxable year.

(c) The amount of the credit provided by this section that a taxpayer uses during a particular taxable year may not exceed the taxpayer's qualified state tax liability for the taxable year. If the credit provided by this section exceeds the amount of that tax liability for the taxable year it is first claimed, then the excess may be carried back to preceding taxable years or carried over to succeeding taxable years and used as a credit against the taxpayer's qualified state tax liability for those taxable years. Each time that the credit is carried back to a preceding taxable year or carried over to a succeeding taxable year, the amount of the carryover is reduced by the amount used as a credit for that taxable year. Except as provided in subsection (e), the credit provided by this section may be carried forward and applied in the ten (10) taxable years that succeed the taxable year in which the credit accrues. The credit provided by this section may be carried back and applied in the three (3) taxable years that precede the taxable year in which the credit accrues.

(d) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's qualified state tax liability for that taxable year before any credit carryover or carryback is applied against that liability under subsection (c).

(e) Notwithstanding subsection (c), if a credit under this section results from wages paid in a particular enterprise zone, and if that enterprise zone terminates in a taxable year that succeeds the last

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taxable year in which a taxpayer is entitled to use the credit carryover that results from those wages under subsection (c), then the taxpayer may use the credit carryover for any taxable year up to and including the taxable year in which the enterprise zone terminates.

(f) A taxpayer is not entitled to a refund of any unused credit.

(g) A taxpayer that:

- (1) does not own, rent, or lease real property outside of an enterprise zone that is an integral part of its trade or business; and
- (2) is not owned or controlled directly or indirectly by a taxpayer that owns, rents, or leases real property outside of an enterprise zone;

is exempt from the allocation and apportionment provisions of this section.

(h) If a pass through entity is entitled to a credit under subsection (b) but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, beneficiary, or member of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, beneficiary, or member is entitled.

The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, beneficiary, or member of a pass through entity is entitled. However, a pass through entity and an individual who is a shareholder, partner, beneficiary, or member of a pass through entity may not claim more than one (1) credit for the qualified expenditure.

SECTION 51. IC 6-3.1-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter:

"Enterprise zone" means an enterprise zone created under ~~IC 4-4-6.1.~~ **IC 5-28-15.**

"Pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) trust;
- (4) limited liability company; or
- (5) limited liability partnership.

"Qualified loan" means a loan made to an entity that uses the loan proceeds for:

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- (1) a purpose that is directly related to a business located in an enterprise zone;
- (2) an improvement that increases the assessed value of real property located in an enterprise zone; or
- (3) rehabilitation, repair, or improvement of a residence.

"State tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 27-1-18-2 (the insurance premiums tax); and
- (3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Taxpayer" means any person, corporation, limited liability company, partnership, or other entity that has any state tax liability. The term includes a pass through entity.

SECTION 52. IC 6-3.1-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year if the taxpayer:

- (1) receives interest on a qualified loan in that taxable year;
- (2) pays the registration fee charged to zone businesses under ~~IC 4-4-6.1-2~~; **IC 5-28-15-5**;
- (3) provides the assistance to urban enterprise associations required from zone businesses under ~~IC 4-4-6.1-2(b)~~; **IC 5-28-15-5(b)**; and
- (4) complies with any requirements adopted by the ~~enterprise zone board of the Indiana economic development corporation~~ under ~~IC 4-4-6.1~~ **IC 5-28-15** for taxpayers claiming the credit under this chapter.

However, if a taxpayer is located outside of an enterprise zone, subdivision (4) does not require the taxpayer to reinvest its incentives under this section within the enterprise zone, except as provided in subdivisions (2) and (3).

(b) The amount of the credit to which a taxpayer is entitled under this section is five percent (5%) multiplied by the amount of interest received by the taxpayer during the taxable year from qualified loans.

(c) If a pass through entity is entitled to a credit under subsection (a) but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, beneficiary, or member of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the

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taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, beneficiary, or member is entitled.

The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, beneficiary, or member of a pass through entity is entitled. However, a pass through entity and an individual who is a shareholder, partner, beneficiary, or member of a pass through entity may not claim more than one (1) credit for the qualified expenditure.

SECTION 53. IC 6-3.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter:

"Business firm" means any business entity authorized to do business in the state of Indiana that has state tax liability.

"Community services" means any type of counseling and advice, emergency assistance, medical care, recreational facilities, housing facilities, or economic development assistance to individuals, groups, or neighborhood organizations in an economically disadvantaged area.

"Crime prevention" means any activity which aids in the reduction of crime in an economically disadvantaged area.

"Economically disadvantaged area" means an enterprise zone, or any area in Indiana that is certified as an economically disadvantaged area by the ~~department of commerce~~ **Indiana economic development corporation** after consultation with the community services agency. The certification shall be made on the basis of current indices of social and economic conditions, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

"Education" means any type of scholastic instruction or scholarship assistance to an individual who resides in an economically disadvantaged area that enables ~~him~~ **the individual** to prepare ~~himself~~ for better life opportunities.

"Enterprise zone" means an enterprise zone created under ~~IC 4-4-6-1~~ **IC 5-28-15**.

"Job training" means any type of instruction to an individual who resides in an economically disadvantaged area that enables ~~him~~ **the individual** to acquire vocational skills so that ~~he~~ **the individual** can become employable or be able to seek a higher grade of employment.

"Neighborhood assistance" means either:

(1) furnishing financial assistance, labor, material, and technical

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advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area; or

(2) furnishing technical advice to promote higher employment in any neighborhood in Indiana.

"Neighborhood organization" means any organization, including but not limited to a nonprofit development corporation:

(1) performing community services in an economically disadvantaged area; and

(2) holding a ruling:

(A) from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code; and

(B) from the department of state revenue that the organization is exempt from income taxation under IC 6-2.5-5-21.

"Person" means any individual subject to Indiana gross or adjusted gross income tax.

"State fiscal year" means a twelve (12) month period beginning on July 1 and ending on June 30.

"State tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); and

(2) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Tax credit" means a deduction from any tax otherwise due and payable under IC 6-3 or IC 6-5.5.

SECTION 54. IC 6-3.1-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A business firm or a person who contributes to a neighborhood organization or who engages in the activities of providing neighborhood assistance, job training or education for individuals not employed by the business firm or person, or for community services or crime prevention in an economically disadvantaged area shall receive a tax credit as provided in section 3 of this chapter if the ~~director board~~ **board** of the ~~department of commerce~~ **Indiana economic development corporation** approves the proposal of the business firm or person, setting forth the program to be conducted, the area selected, the estimated amount to be invested in the program, and the plans for implementing the program.

(b) The ~~director board~~ **board** of the ~~department of commerce~~ **Indiana economic development corporation**, after consultation with the

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community services agency and the commissioner of revenue, may adopt rules for the approval or disapproval of these proposals.

SECTION 55. IC 6-3.1-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Any business firm or person which desires to claim a tax credit as provided in this chapter shall file with the department, in the form that the department may prescribe, an application stating the amount of the contribution or investment which it proposes to make which would qualify for a tax credit, and the amount sought to be claimed as a credit. The application shall include a certificate evidencing approval of the contribution or program by the ~~director board~~ of the ~~department of commerce~~. **Indiana economic development corporation.**

(b) The ~~director board~~ of the ~~department of commerce~~ **Indiana economic development corporation** shall give priority in issuing certificates to applicants whose contributions or programs directly benefit enterprise zones.

(c) The department shall promptly notify an applicant whether, or the extent to which, the tax credit is allowable in the state fiscal year in which the application is filed, as provided in section 5 of this chapter. If the credit is allowable in that state fiscal year, the applicant shall within thirty (30) days after receipt of the notice file with the department of ~~state~~ revenue a statement, in the form and accompanied by the proof of payment as the department may prescribe, setting forth that the amount to be claimed as a credit under this chapter has been paid to an organization for an approved program or purpose, or permanently set aside in a special account to be used solely for an approved program or purpose.

(d) The department may disallow any credit claimed under this chapter for which the statement or proof of payment is not filed within the thirty (30) day period.

SECTION 56. IC 6-3.1-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter, "enterprise zone" means an enterprise zone created under ~~IC 4-4-6-1~~. **IC 5-28-15.**

SECTION 57. IC 6-3.1-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "qualified investment" means the purchase of an ownership interest in a business located in an enterprise zone if the purchase is approved by the ~~department of commerce~~ **Indiana economic development corporation** under section 8 of this chapter.

SECTION 58. IC 6-3.1-10-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) To be entitled

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to a credit, a taxpayer must request the ~~department of commerce~~ **Indiana economic development corporation** to determine:

- (1) whether a purchase of an ownership interest in a business located in an enterprise zone is a qualified investment; and
- (2) the percentage credit to be allowed.

The request must be made before a purchase is made.

(b) The ~~department of commerce~~ **Indiana economic development corporation** shall find that a purchase is a qualified investment if:

- (1) the business is viable;
- (2) the business has not been disqualified from enterprise zone incentives or benefits under ~~IC 4-4-6.1~~; **IC 5-28-15**;
- (3) the taxpayer has a legitimate purpose for purchase of the ownership interest;
- (4) the purchase would not be made unless a credit is allowed under this chapter; and
- (5) the purchase is critical to the commencement, enhancement, or expansion of business operations in the zone and will not merely transfer ownership, and the purchase proceeds will be used only in business operations in the enterprise zone.

The ~~department~~ **Indiana economic development corporation** may delay making a finding under this subsection if, at the time the request is filed under subsection (a), an urban enterprise zone association has made a recommendation that the business be disqualified from enterprise zone incentives or benefits under ~~IC 4-4-6.1~~ **IC 5-28-15** and the ~~enterprise zone board of the Indiana economic development corporation~~ has not acted on that request. The delay by the ~~department~~ **Indiana economic development corporation** may not last for more than sixty (60) days.

(c) If the ~~department of commerce~~ **Indiana economic development corporation** finds that a purchase is a qualified investment, the department shall certify the percentage credit to be allowed under this chapter based upon the following:

- (1) A percentage credit of ten percent (10%) may be allowed based upon the need of the business for equity financing, as demonstrated by the inability of the business to obtain debt financing.
- (2) A percentage credit of two percent (2%) may be allowed for business operations in the retail, professional, or warehouse/distribution codes of the SIC Manual.
- (3) A percentage credit of five percent (5%) may be allowed for business operations in the manufacturing codes of the SIC Manual.

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(4) A percentage credit of five percent (5%) may be allowed for high technology business operations (as defined in ~~IC 4-4-6.1-1.3~~; **IC 5-28-15-1**).

(5) A percentage credit may be allowed for jobs created during the twelve (12) month period following the purchase of an ownership interest in the zone business, as determined under the following table:

JOBS CREATED	PERCENTAGE
Less than 11 jobs	1%
11 to 25 jobs	2%
26 to 40 jobs	3%
41 to 75 jobs	4%
More than 75 jobs	5%

(6) A percentage credit of five percent (5%) may be allowed if fifty percent (50%) or more of the jobs created in the twelve (12) month period following the purchase of an ownership interest in the zone business will be reserved for zone residents.

(7) A percentage credit may be allowed for investments made in real or depreciable personal property, as determined under the following table:

AMOUNT OF INVESTMENT	PERCENTAGE
Less than \$25,001	1%
\$25,001 to \$50,000	2%
\$50,001 to \$100,000	3%
\$100,001 to \$200,000	4%
More than \$200,000	5%

The total percentage credit may not exceed thirty percent (30%).

(d) If all or a part of a purchaser's intent is to transfer ownership, the tax credit shall be applied only to that part of the investment that relates directly to the enhancement or expansion of business operations at the zone location.

SECTION 59. IC 6-3.1-10-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue the certification of the percentage credit by the ~~department of commerce~~ **Indiana economic development corporation** and all information that the department of state revenue determines is necessary for the calculation of the credit provided by this chapter and for the determination of whether an investment cost is a qualified investment cost.

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SECTION 60. IC 6-3.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "board" means the ~~enterprise zone~~ board of the **Indiana economic development corporation** created under ~~IC 4-4-6.1.~~ **IC 5-28-4.**

SECTION 61. IC 6-3.1-11.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "board" refers to the ~~enterprise zone~~ board of the **Indiana economic development corporation** created under ~~IC 4-4-6.1.~~ **IC 5-28-4.**

SECTION 62. IC 6-3.1-11.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. The board shall consider the following factors in evaluating applications filed under this chapter:

- (1) The level of distress in the surrounding community caused by the loss of jobs at the vacant military base facility.
- (2) The desirability of the intended use of the vacant military base facility under the plan proposed for the development and use of the vacant military base facility and the likelihood that the implementation of the plan will improve the economic and employment conditions in the surrounding community.
- (3) Evidence of support for the designation by residents, businesses, and private organizations in the surrounding community.
- (4) Evidence of a commitment by private or governmental entities to provide financial assistance in implementing the plan for the development and use of the vacant military base facility, including the application of IC 36-7-12, IC 36-7-13, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, or IC 36-7-30 to assist in the financing of improvements or redevelopment activities benefiting the vacant military base facility.
- (5) Evidence of efforts to implement the proposed plan without additional financial assistance from the state.
- (6) Whether the proposed military base recovery site is within an economic revitalization area designated under IC 6-1.1-12.1.
- (7) Whether action has been taken by the legislative body of the municipality or county having jurisdiction over the proposed military base recovery site to establish an enterprise zone under ~~IC 4-4-6.1-3(g).~~ **IC 5-28-15-11.**

SECTION 63. IC 6-3.1-11.6-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. As used in this chapter, "qualified investment" means any of the following:

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(1) The purchase of an ownership interest in a business that locates all or part of its operations in a qualified area during the taxable year, if the purchase is approved by the ~~department of commerce~~ **Indiana economic development corporation** under section 12 of this chapter.

(2) Subject to section 13 of this chapter, an investment:

(A) that is made in a business that locates all or part of its operations in a qualified area during the taxable year;

(B) through which the taxpayer does not acquire an ownership interest in the business; and

(C) that is approved by the ~~department of commerce~~ **Indiana economic development corporation** under section 12 of this chapter.

SECTION 64. IC 6-3.1-11.6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) To be entitled to a credit for a purchase described in section 4(1) of this chapter, a taxpayer must request the ~~department of commerce~~ **Indiana economic development corporation** to determine:

(1) whether a purchase of an ownership interest in a business located in a qualified area is a qualified investment; and

(2) the percentage credit to be allowed.

The request must be made before a purchase is made.

(b) To be entitled to a credit for an investment described in section 4(2) of this chapter, a taxpayer must request the ~~department of commerce~~ **Indiana economic development corporation** to determine:

(1) whether an investment in a business that locates in a qualified area during the taxable year is a qualified investment; and

(2) the percentage credit to be allowed.

The request must be made before an investment is made.

(c) The ~~department of commerce~~ **Indiana economic development corporation** shall find that a purchase or other investment is a qualified investment if:

(1) the business is viable;

(2) the taxpayer has a legitimate purpose for purchase of the ownership interest or the investment;

(3) the purchase or investment would not be made unless a credit is allowed under this chapter; and

(4) the purchase or investment is critical to the commencement, enhancement, or expansion of business operations in the qualified area and:

(A) in the case of a purchase described in section 4(1) of this chapter, the purchase will not merely transfer ownership, and

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the purchase proceeds will be used only in business operations in the qualified area; and

(B) in the case of an investment described in section 4(2) of this chapter, the investment will not be made in a business that substantially reduces or ceases its operations at another location in Indiana in order to relocate its operations within the qualified area, as described in section 13 of this chapter.

(d) If the ~~department of commerce~~ **Indiana economic development corporation** finds that a purchase or other investment is a qualified investment, the ~~department of commerce~~ **corporation** shall certify the percentage credit to be allowed under this chapter based upon the following:

(1) For a purchase described in section 4(1) of this chapter, a percentage credit of ten percent (10%) may be allowed based on the need of the business for equity financing, as demonstrated by the inability of the business to obtain debt financing.

(2) A percentage credit of two percent (2%) may be allowed for purchases of or investments in business operations in the retail, professional, or warehouse/distribution codes of the SIC Manual (or corresponding sectors in the NAICS Manual).

(3) A percentage credit of five percent (5%) may be allowed for purchases of or investments in business operations in the manufacturing codes of the SIC Manual (or corresponding sectors in the NAICS Manual).

(4) A percentage credit of five percent (5%) may be allowed for purchases of or investments in high technology business operations (as defined in ~~IC 4-4-6.1-1.3~~ **IC 5-28-15-1**).

(5) A percentage credit may be allowed for jobs created during the twelve (12) month period following the purchase of an ownership interest in the business or other investment in the business, as determined under the following table:

JOBS CREATED	PERCENTAGE
Less than 11 jobs	1%
11 to 25 jobs	2%
26 to 40 jobs	3%
41 to 75 jobs	4%
More than 75 jobs	5%

(6) A percentage credit of five percent (5%) may be allowed if fifty percent (50%) or more of the jobs created in the twelve (12) month period following the purchase of an ownership interest in the business or other investment in the business will be reserved for residents in the qualified area.

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(7) A percentage credit may be allowed for investments made in real or depreciable personal property, as determined under the following table:

AMOUNT OF INVESTMENT	PERCENTAGE
Less than \$25,001	1%
\$25,001 to \$50,000	2%
\$50,001 to \$100,000	3%
\$100,001 to \$200,000	4%
More than \$200,000	5%

The total percentage credit may not exceed thirty percent (30%).

(e) In the case of a purchase described in section 4(1) of this chapter, if all or a part of a purchaser's intent is to transfer ownership, the tax credit shall be applied only to that part of the purchase that relates directly to the enhancement or expansion of business operations in the qualified area.

SECTION 65. IC 6-3.1-11.6-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue the certification of the percentage credit by the ~~department of commerce~~ **Indiana economic development corporation** and all information that the department of state revenue determines is necessary for the calculation of the credit provided by this chapter and for the determination of whether an investment is a qualified investment.

SECTION 66. IC 6-3.1-13-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1.5. As used in this chapter, "corporation" means the **Indiana economic development corporation established by IC 5-28-3-1.**

SECTION 67. IC 6-3.1-13-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. As used in this chapter, "credit amount" means the amount agreed to between the ~~board~~ **corporation** and applicant under this chapter, but not to exceed, in the case of a credit awarded for a project to create new jobs in Indiana, the incremental income tax withholdings attributable to the applicant's project.

SECTION 68. IC 6-3.1-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. As used in this chapter, "director" means the ~~director~~ **president** of the ~~department of commerce~~ **corporation.**

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SECTION 69. IC 6-3.1-13-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) The ~~board~~ **corporation** may make credit awards under this chapter to foster job creation in Indiana or, as provided in section 15.5 of this chapter, job retention in Indiana.

(b) The credit shall be claimed for the taxable years specified in the taxpayer's tax credit agreement.

SECTION 70. IC 6-3.1-13-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. A person that proposes a project to create new jobs in Indiana may apply, as provided in section 15 of this chapter, to the ~~board~~ **corporation** to enter into an agreement for a tax credit under this chapter. A person that proposes to retain existing jobs in Indiana may apply, as provided in section 15.5 of this chapter, to the ~~board~~ **corporation** to enter into an agreement for a tax credit under this chapter. The director shall prescribe the form of the application.

SECTION 71. IC 6-3.1-13-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. This section applies to an application proposing a project to create new jobs in Indiana. After receipt of an application, the ~~board~~ **corporation** may enter into an agreement with the applicant for a credit under this chapter if the ~~board~~ **corporation** determines that all of the following conditions exist:

- (1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Indiana.
- (2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment in Indiana and strengthening the economy of Indiana.
- ~~(3) The political subdivisions affected by the project have committed significant local incentives with respect to the project.~~
- ~~(4)~~ (3) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project, and not receiving the tax credit will result in the applicant not creating new jobs in Indiana.
- ~~(5)~~ (4) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.
- ~~(6)~~ (5) The credit is not prohibited by section 16 of this chapter.

SECTION 72. IC 6-3.1-13-15.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15.5. This section applies to an application proposing to retain existing jobs in Indiana. After receipt of an application, the ~~board~~ **corporation** may enter into an agreement with the applicant for a credit under this chapter if the ~~board~~ **corporation** determines that all the following conditions exist:

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- (1) The applicant's project will retain existing jobs performed by the employees of the applicant in Indiana.
- (2) The applicant provides evidence that there is at least one (1) other competing site outside Indiana that is being considered for the project or for the relocation of jobs.
- (3) A disparity is identified, using the best available data, in the projected costs for the applicant's project in Indiana compared with the costs for the project in the competing site.
- (4) The applicant is engaged in research and development, manufacturing, or business services (as defined in the Standard Industrial Classification Manual of the United States Office of Management and Budget).
- (5) The average compensation (including benefits) provided to the applicant's employees during the applicant's previous fiscal year exceeds the average compensation paid during that same period to all employees in the county in which the applicant's business is located by at least five percent (5%).
- (6) The applicant employs at least two hundred (200) employees in Indiana.
- (7) The applicant has prepared a plan for the use of the credits under this chapter for:
 - (A) investment in facility improvements or equipment and machinery upgrades, repairs, or retrofits; or
 - (B) other direct business related investments, including but not limited to training.
- (8) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project, and not receiving the tax credit will increase the likelihood of the applicant reducing jobs in Indiana.
- (9) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.
- (10) The applicant's business and project are economically sound and will benefit the people of Indiana by increasing or maintaining opportunities for employment and strengthening the economy of Indiana.
- (11) The communities affected by the potential reduction in jobs or relocation of jobs to another site outside Indiana have committed at least one dollar and fifty cents (\$1.50) of local incentives with respect to the retention of jobs for every three dollars (\$3) in credits provided under this chapter. For purposes of this subdivision, local incentives include, but are not limited to,

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cash grants, tax abatements, infrastructure improvements, investment in facility rehabilitation, construction, and training investments.

(12) The credit is not prohibited by section 16 of this chapter.

SECTION 73. IC 6-3.1-13-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. A person is not entitled to claim the credit provided by this chapter for any jobs that the person relocates from one (1) site in Indiana to another site in Indiana. Determinations under this section shall be made by the ~~board~~ **corporation**.

SECTION 74. IC 6-3.1-13-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. In determining the credit amount that should be awarded to an applicant under section 15 of this chapter that proposes a project to create jobs in Indiana, the ~~board~~ **corporation** shall take into consideration the following factors:

- (1) The economy of the county where the projected investment is to occur.
- (2) The potential impact on the economy of Indiana.
- (3) The incremental payroll attributable to the project.
- (4) The capital investment attributable to the project.
- (5) The amount the average wage paid by the applicant exceeds the average wage paid within the county in which the project will be located.
- (6) The costs to Indiana and the affected political subdivisions with respect to the project.
- (7) The financial assistance **and incentives** that ~~is~~ **are** otherwise provided by Indiana and the affected political subdivisions.

As appropriate, the ~~board~~ **corporation** shall consider the factors in this section to determine the credit amount awarded to an applicant for a project to retain existing jobs in Indiana under section 15.5 of this chapter. In the case of an applicant under section 15.5 of this chapter, the ~~board~~ **corporation** shall consider the magnitude of the cost differential between the projected costs for the applicant's project in the competing site outside Indiana and the projected costs for the applicant's project in Indiana.

SECTION 75. IC 6-3.1-13-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. (a) The ~~board~~ **corporation** shall determine the amount and duration of a tax credit awarded under this chapter. The duration of the credit may not exceed ten (10) taxable years. The credit may be stated as a percentage of the incremental income tax withholdings attributable to the applicant's project and may include a fixed dollar limitation. In the case of a credit

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awarded for a project to create new jobs in Indiana, the credit amount may not exceed the incremental income tax withholdings. However, the credit amount claimed for a taxable year may exceed the taxpayer's state tax liability for the taxable year, in which case the excess ~~shall~~ **may, at the discretion of the corporation,** be refunded to the taxpayer.

(b) For state fiscal years 2004 and 2005, the aggregate amount of credits awarded under this chapter for projects to retain existing jobs in Indiana may not exceed five million dollars (\$5,000,000) per year.

SECTION 76. IC 6-3.1-13-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. In the case of a credit awarded for a project to create new jobs in Indiana, the ~~board~~ **corporation** shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

- (1) A detailed description of the project that is the subject of the agreement.
- (2) The duration of the tax credit and the first taxable year for which the credit may be claimed.
- (3) The credit amount that will be allowed for each taxable year.
- (4) A requirement that the taxpayer shall maintain operations at the project location for at least two (2) times the number of years as the term of the tax credit. A taxpayer is subject to an assessment under section 22 of this chapter for noncompliance with the requirement described in this subdivision.
- (5) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.
- (6) A requirement that the taxpayer shall annually report to the ~~board~~ **corporation** the number of new employees who are performing jobs not previously performed by an employee, the new income tax revenue withheld in connection with the new employees, and any other information the director needs to perform the director's duties under this chapter.
- (7) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (6), and after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.
- (8) A requirement that the taxpayer shall provide written notification to the director and the ~~board~~ **corporation** not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability

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obligations to a successor taxpayer.

(9) Any other performance conditions that the ~~board~~ **corporation** determines are appropriate.

SECTION 77. IC 6-3.1-13-19.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19.5. (a) In the case of a credit awarded for a project to retain existing jobs in Indiana, the ~~board~~ **corporation** shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

(1) A detailed description of the business that is the subject of the agreement.

(2) The duration of the tax credit and the first taxable year for which the credit may be claimed.

(3) The credit amount that will be allowed for each taxable year.

(4) A requirement that the applicant shall maintain operations at the project location for at least two (2) times the number of years as the term of the tax credit. An applicant is subject to an assessment under section 22 of this chapter for noncompliance with the requirement described in this subdivision.

(5) A requirement that the applicant shall annually report the following to the ~~board~~ **corporation**:

(A) The number of employees who are employed in Indiana by the applicant.

(B) The compensation (including benefits) paid to the applicant's employees in Indiana.

(C) The amount of the:

(i) facility improvements;

(ii) equipment and machinery upgrades, repairs, or retrofits;
or

(iii) other direct business related investments, including training.

(6) A requirement that the applicant shall provide written notification to the director and the ~~board~~ **corporation** not more than thirty (30) days after the applicant makes or receives a proposal that would transfer the applicant's state tax liability obligations to a successor taxpayer.

(7) A requirement that the chief executive officer of the company applying for a credit under this chapter must verify under penalty of perjury that the disparity between projected costs of the applicant's project in Indiana compared with the costs for the project in a competing site is real and actual.

(8) Any other performance conditions that the ~~board~~ **corporation**

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determines are appropriate.

(b) An agreement between an applicant and the ~~board~~ **corporation** must be submitted to the budget committee for review and must be approved by the budget agency before an applicant is awarded a credit under this chapter for a project to retain existing jobs in Indiana.

SECTION 78. IC 6-3.1-13-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. A taxpayer claiming a credit under this chapter **must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer** shall submit to the department of state revenue ~~a copy of the director's certificate of verification under this chapter for the taxable year. However, failure to submit a copy of the certificate does not invalidate a claim for a credit.~~ **all information that the department determines necessary for the calculation of the credit provided by this chapter and the determination of whether the credit was properly claimed.**

SECTION 79. IC 6-3.1-13-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 21. (a) If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder or partner of a pass through entity is otherwise entitled under a separate agreement under this chapter. A pass through entity and a shareholder or partner of the pass through entity may not claim more than one (1) credit under the same agreement.

(c) This subsection applies only to a pass through entity that is a limited liability company or a limited liability partnership owned wholly or in part by an electric cooperative incorporated under IC 8-1-13. At the request of a pass through entity, if the ~~board~~ **corporation** finds that the amount of the average wage to be paid by the pass through entity will be at least double the average wage paid within the county in which the project will be located, the ~~board~~ **corporation** may determine that:

- (1) the credit shall be claimed by the pass through entity; and
- (2) if the credit exceeds the pass through entity's state income tax liability for the taxable year, the excess shall be refunded to the

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pass through entity.

If the ~~board~~ **corporation** grants a refund directly to a pass through entity under this subsection, the pass through entity shall claim the refund on forms prescribed by the department of state revenue.

SECTION 80. IC 6-3.1-13-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 22. If the ~~director~~ **department of state revenue or the corporation** determines that a taxpayer who has ~~received~~ **claimed** a credit under this chapter is not ~~complying~~ **entitled to the credit because of the taxpayer's noncompliance** with the requirements of the tax credit agreement or all of the provisions of this chapter, the ~~director~~ **department or the corporation** shall, after giving the taxpayer an opportunity to explain the noncompliance, ~~notify the department of commerce of the noncompliance and request~~ **impose** an assessment. ~~The director shall state the on the taxpayer in an amount of the assessment; which that~~ may not exceed the sum of any previously allowed credits under this chapter. ~~After receiving such a notice, the department of commerce shall make an assessment against the taxpayer under IC 6-8-1 for the amount stated in the director's notice; together with interest and penalties required or permitted by law.~~

SECTION 81. IC 6-3.1-13-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 23. On or before March 31 each year, the director shall submit a report to the ~~board~~ **corporation** on the tax credit program under this chapter. The report shall include information on the number of agreements that were entered into under this chapter during the preceding calendar year, a description of the project that is the subject of each agreement, an update on the status of projects under agreements entered into before the preceding calendar year, and the sum of the credits awarded under this chapter. A copy of the report shall be transmitted in an electronic format under IC 5-14-6 to the executive director of the legislative services agency for distribution to the members of the general assembly.

SECTION 82. IC 6-3.1-13-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 24. On a biennial basis, the ~~board~~ **corporation** shall provide for an evaluation of the tax credit program. ~~giving first priority to using the Indiana economic development council; established under IC 4-3-14-4.~~ The evaluation shall include an assessment of the effectiveness of the program in creating new jobs and retaining existing jobs in Indiana and of the revenue impact of the program, and may include a review of the practices and experiences of other states with similar programs. The

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director shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives after June 30 and before November 1 in each odd-numbered year.

SECTION 83. IC 6-3.1-13-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 25. The ~~department of commerce~~ **corporation** may adopt rules under IC 4-22-2 necessary to implement this chapter. The rules may provide for recipients of tax credits under this chapter to be charged fees to cover administrative costs of the tax credit program. Fees collected shall be deposited in the economic development for a growing economy fund.

SECTION 84. IC 6-3.1-13-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) The economic development for a growing economy fund is established to be used exclusively for the purposes of this chapter and IC 6-3.1-26, including paying for the costs of administering this chapter and IC 6-3.1-26. The fund shall be administered by the ~~department of commerce~~ **corporation**.

(b) The fund consists of collected fees, appropriations from the general assembly, and gifts and grants to the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter. Expenditures from the fund are subject to appropriation by the general assembly and approval by the budget agency.

SECTION 85. IC 6-3.1-13-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 27. (a) Subject to all other requirements of this chapter, the ~~board~~ **corporation** may award a tax credit under this chapter to a nonprofit organization that is a high growth company with high skilled jobs (as defined in IC 4-4-10.9-9.5) if:

- (1) the nonprofit organization:
 - (A) is a taxpayer (as defined in section 10 of this chapter); and
 - (B) meets all requirements of this chapter; and
- (2) all of the following conditions are satisfied:
 - (A) The wages of at least seventy-five percent (75%) of the organization's total workforce in Indiana must be equal to at least two hundred percent (200%) of the average county wage,

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as determined by the ~~department of commerce~~, **corporation**, in the county where the project for which the credit is granted will be located.

(B) The organization must make an investment of at least fifty million dollars (\$50,000,000) in capital assets.

(C) The affected political subdivision must provide substantial financial assistance to the project.

(D) The incremental payroll attributable to the project must be at least ten million dollars (\$10,000,000) annually.

(E) The organization agrees to pay the ad valorem property taxes on the organization's real and personal property that would otherwise be exempt under IC 6-1.1-10.

(F) The organization does not receive any deductions from the assessed value of the organization's real and personal property under IC 6-1.1-12 or IC 6-1.1-12.1.

(G) The organization pays all of the organization's ad valorem property taxes to the taxing units in the taxing district in which the project is located.

(H) The project for which the credit is granted must be located in a county having a population of more than one hundred eighty thousand (180,000) but less than one hundred eighty-two thousand seven hundred ninety (182,790).

(b) Notwithstanding section 6(a) of this chapter, the ~~board~~ **corporation** may award credits to an organization under subsection (a) if:

- (1) the organization met all other conditions of this chapter at the time of the applicant's location or expansion decision;
- (2) the applicant is in receipt of a letter from the department of commerce stating an intent to pursue a credit agreement; and
- (3) the letter described in subdivision (2) is issued by the department of commerce not later than January 1, 2000.

SECTION 86. IC 6-3.1-13.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter, "~~department~~" "**corporation**" refers to the ~~department of commerce~~. **Indiana economic development corporation.**

SECTION 87. IC 6-3.1-13.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures for:

- (1) the purchase of new manufacturing or production equipment;
- (2) the purchase of new computers and related equipment;
- (3) costs associated with the modernization of existing

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- manufacturing facilities;
- (4) onsite infrastructure improvements;
- (5) the construction of new manufacturing facilities;
- (6) costs associated with retooling existing machinery and equipment; and
- (7) costs associated with the construction of special purpose buildings and foundations for use in the computer, software, biological sciences, or telecommunications industry;

that are certified by the ~~department~~ **corporation** under section 10 of this chapter as being eligible for the credit under this chapter, if the equipment, machinery, facilities improvements, facilities, buildings, or foundations are installed or used for a project having an estimated total cost of at least seventy-five million dollars (\$75,000,000) and in a county having a population of more than forty-three thousand (43,000) but less than forty-five thousand (45,000).

SECTION 88. IC 6-3.1-13.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. A taxpayer may claim the credit under this chapter only if:

- (1) the average wage paid by the taxpayer to its Indiana employees within the county in which the qualifying investment is made exceeds the average wage paid in that county; or
- (2) the taxpayer certifies to the ~~department~~ **corporation** and provides proof as determined by the ~~department~~ **corporation** that, as a result of the qualifying investment, the average wage paid by the taxpayer to its Indiana employees within the county in which the qualifying investment is made will exceed the average wage paid in that county.

SECTION 89. IC 6-3.1-13.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) To be entitled to a credit under this chapter, a taxpayer must request the ~~department of commerce~~ **corporation** to determine whether an expenditure is a qualified investment.

(b) To make a request under subsection (a), a taxpayer must file with the ~~department~~ **corporation** a notice of intent to claim the credit under this chapter. A taxpayer must file the notice with the ~~department~~ **corporation** not later than February 15 of the calendar year following the calendar year in which the expenditure is made.

(c) After receiving a notice of intent to claim the credit, the ~~department~~ **corporation** shall review the notice and determine whether the expenditure is a qualified investment and whether the taxpayer is entitled to claim the credit. The ~~department~~ **corporation** shall, before April 1 of the calendar year in which the notice is received, send to the

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taxpayer and to the department of state revenue a letter:

- (1) certifying that the taxpayer is entitled to claim the credit under this chapter for the expenditure; or
- (2) stating the reason why the taxpayer is not entitled to claim the credit.

SECTION 90. IC 6-3.1-13.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) If a taxpayer receives a credit under this chapter, the equipment, machinery, facilities improvements, facilities, buildings, or foundations for which the credit was granted must be fully installed or completed not more than five (5) years after the ~~department~~ **corporation** issues a letter under section 10 of this chapter certifying that the taxpayer is entitled to claim the credit.

(b) If a taxpayer receives a credit under this chapter and does not make the qualified investment (or a ~~portion~~ **part** of the qualified investment) for which the credit was granted within the time required by subsection (a), the ~~department~~ **corporation** may require the taxpayer to repay the following:

- (1) The additional amount of state tax liability that would have been paid by the taxpayer if the credit had not been granted for the qualified investment (or ~~portion~~ **part** of the qualified investment) that was not made by the taxpayer within the time required by subsection (a).
- (2) Interest at a rate established under IC 6-8.1-10-1(c) on the additional amount of state tax liability referred to in subdivision (1).

SECTION 91. IC 6-3.1-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter, "qualified investment" means costs incurred to build or refurbish a riverboat in Indiana that are approved by the ~~department of commerce~~ **Indiana economic development corporation** under section 7 of this chapter.

SECTION 92. IC 6-3.1-17-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) To be entitled to a credit under this chapter, a taxpayer must request the ~~department of commerce~~ **Indiana economic development corporation** to determine whether costs incurred to build or refurbish a riverboat are qualified investments.

(b) The request under subsection (a) must be made before the costs are incurred.

(c) The ~~department of commerce~~ **Indiana economic development corporation** shall find that costs are a qualified investment to the

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extent that the costs result:

- (1) from work performed in Indiana to build or refurbish a riverboat; and
- (2) in taxable income to any other Indiana taxpayer;

as determined under the standards adopted by the ~~department of commerce~~ **Indiana economic development corporation**.

SECTION 93. IC 6-3.1-17-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department the certification of credit by the ~~department of commerce~~ **Indiana economic development corporation**, proof of payment of the certified qualified investment, and all information that the department determines is necessary for the calculation of the credit provided by this chapter and for the determination of whether an investment cost is a qualified investment cost.

SECTION 94. IC 6-3.1-19-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "qualified investment" means the amount of a taxpayer's expenditures that is:

- (1) for redevelopment or rehabilitation of property located within a community revitalization enhancement district designated under IC 36-7-13;
- (2) made under a plan adopted by an advisory commission on industrial development under IC 36-7-13; and
- (3) approved by the ~~department of commerce~~ **Indiana economic development corporation** before the expenditure is made.

SECTION 95. IC 6-3.1-19-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A taxpayer is not entitled to claim the credit provided by this chapter to the extent that the taxpayer substantially reduces or ceases its operations in Indiana in order to relocate them within the district. Determinations under this section shall be made by the department. The department shall adopt a proposed order concerning a taxpayer's eligibility for the credit based on subsection (b) and the following criteria:

- (1) A site-specific economic activity, including sales, leasing, service, manufacturing, production, storage of inventory, or any activity involving permanent full-time or part-time employees, shall be considered a business operation.
- (2) With respect to an operation located outside the district (referred to in this section as a "nondistrict operation"), any of the

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following that occurs during the twelve (12) months before the completion of the physical relocation of all or part of the activity described in subdivision (1) from the nondistrict operation to the district as compared with the twelve (12) months before that twelve (12) months shall be considered a substantial reduction:

(A) A reduction in the average number of full-time or part-time employees of the lesser of one hundred (100) employees or twenty-five percent (25%) of all employees.

(B) A twenty-five percent (25%) reduction in the average number of goods manufactured or produced.

(C) A twenty-five percent (25%) reduction in the average value of services provided.

(D) A ten percent (10%) reduction in the average value of stored inventory.

(E) A twenty-five percent (25%) reduction in the average amount of gross income.

(b) Notwithstanding subsection (a), a taxpayer that would otherwise be disqualified under subsection (a) is eligible for the credit provided by this chapter if the taxpayer meets at least one (1) of the following conditions:

(1) The taxpayer relocates all or part of its nondistrict operation for any of the following reasons:

(A) The lease on property necessary for the nondistrict operation has been involuntarily lost through no fault of the taxpayer.

(B) The space available at the location of the nondistrict operation cannot accommodate planned expansion needed by the taxpayer.

(C) The building for the nondistrict operation has been certified as uninhabitable by a state or local building authority.

(D) The building for the nondistrict operation has been totally destroyed through no fault of the taxpayer.

(E) The renovation and construction costs at the location of the nondistrict operation are more than one and one-half (1 1/2) times the costs of purchase, renovation, and construction of a facility in the district, as certified by three (3) independent estimates.

(F) The taxpayer had existing operations in the district and the nondistrict operations relocated to the district are an expansion of the taxpayer's operations in the district.

A taxpayer is eligible for benefits and incentives under clause (C) or (D) only if renovation and construction costs at the location of

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the nondistrict operation are more than one and one-half (1 1/2) times the cost of purchase, renovation, and construction of a facility in the district. These costs must be certified by three (3) independent estimates.

(2) The taxpayer has not terminated or reduced the pension or health insurance obligations payable to employees or former employees of the nondistrict operation without the consent of the employees.

(c) The department shall cause to be delivered to the taxpayer and to any person who testified before the department in favor of disqualification of the taxpayer a copy of the department's proposed order. The taxpayer and these persons shall be considered parties for purposes of this section.

(d) A party who wishes to appeal the proposed order of the department shall, within ten (10) days after the party's receipt of the proposed order, file written objections with the department. The department shall immediately forward copies of the objections to the director of the budget agency and the ~~director board~~ of the ~~department of commerce~~ **Indiana economic development corporation**. A hearing panel composed of the commissioner of the department or the commissioner's designee, the director of the budget agency or the director's designee, and the ~~director~~ **president** of the ~~department of commerce~~ **Indiana economic development corporation** or the ~~director's~~ **president's** designee shall set the objections for oral argument and give notice to the parties. A party at its own expense may cause to be filed with the hearing panel a transcript of the oral testimony or any other part of the record of the proceedings. The oral argument shall be on the record filed with the hearing panel. The hearing panel may hear additional evidence or remand the action to the department with instructions appropriate to the expeditious and proper disposition of the action. The hearing panel may adopt the proposed order of the department, may amend or modify the proposed order, or may make such order or determination as is proper on the record. The affirmative votes of at least two (2) members of the hearing panel are required for the hearing panel to take action on any measure. The taxpayer may appeal the decision of the hearing panel to the tax court in the same manner that a final determination of the department may be appealed under ~~IC 33-3-5~~ **IC 33-26**.

(e) If no objections are filed, the department may adopt the proposed order without oral argument.

(f) A determination that a taxpayer is not entitled to the credit provided by this chapter as a result of a substantial reduction or

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cessation of operations applies to credits that would otherwise arise in the taxable year in which the substantial reduction or cessation occurs and in all subsequent years.

SECTION 96. IC 6-3.1-24-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "qualified Indiana business" means an independently owned and operated business that is certified as a qualified Indiana business by the ~~department of commerce~~ **Indiana economic development corporation** under section 7 of this chapter.

SECTION 97. IC 6-3.1-24-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. A taxpayer that:

- (1) provides qualified investment capital to a qualified Indiana business; and
- (2) fulfills the requirements of the ~~department of commerce~~ **Indiana economic development corporation** under section 12.5 of this chapter;

is entitled to a credit against the person's state tax liability in a taxable year equal to the amount specified in section 10 of this chapter.

SECTION 98. IC 6-3.1-24-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The ~~department of commerce~~ **Indiana economic development corporation** shall certify that a business is a qualified Indiana business if the ~~department corporation~~ determines that the business:

- (1) has its headquarters in Indiana;
- (2) is primarily focused on commercialization of research and development, technology transfers, or the application of new technology, or is determined by the ~~department of commerce~~ **Indiana economic development corporation** to have significant potential to:
 - (A) bring substantial capital into Indiana;
 - (B) create jobs;
 - (C) diversify the business base of Indiana; or
 - (D) significantly promote the purposes of this chapter in any other way;
- (3) has had average annual revenues of less than ten million dollars (\$10,000,000) in the two (2) years preceding the year in which the business received qualified investment capital from a taxpayer claiming a credit under this chapter;
- (4) has:
 - (A) at least fifty percent (50%) of its employees residing in Indiana; or
 - (B) at least seventy-five percent (75%) of its assets located in

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Indiana; and

(5) is not engaged in a business involving:

(A) real estate;

(B) real estate development;

(C) insurance;

(D) professional services provided by an accountant, a lawyer, or a physician;

(E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or

(F) oil and gas exploration.

(b) A business shall apply to be certified as a qualified Indiana business on a form prescribed by the ~~department of commerce~~ **Indiana economic development corporation**.

(c) If a business is certified as a qualified Indiana business under this section, the ~~department of commerce~~ **Indiana economic development corporation** shall provide a copy of the certification to the investors in the qualified Indiana business for inclusion in tax filings.

(d) The ~~department of commerce~~ **Indiana economic development corporation** may impose an application fee of not more than two hundred dollars (\$200).

SECTION 99. IC 6-3.1-24-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The total amount of tax credits that may be allowed under this chapter in a particular calendar year for qualified investment capital provided during that calendar year may not exceed ten million dollars (\$10,000,000). The ~~department of commerce~~ **Indiana economic development corporation** may not certify a proposed investment plan under section 12.5 of this chapter if the proposed investment would result in the total amount of the tax credits certified for the calendar year exceeding ten million dollars (\$10,000,000). An amount of an unused credit carried over by a taxpayer from a previous calendar year may not be considered in determining the amount of proposed investments that the ~~department of commerce~~ **Indiana economic development corporation** may certify under this chapter.

(b) Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for providing qualified investment capital to a qualified Indiana business after December 31, 2008. However, this subsection may not be construed to prevent a taxpayer from carrying over to a taxable year beginning after December 31, 2008, an unused tax credit attributable to an investment occurring before January 1,

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SECTION 100. IC 6-3.1-24-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) A taxpayer wishing to obtain a credit under this chapter must apply to the ~~department of commerce~~ **Indiana economic development corporation** for a certification that the taxpayer's proposed investment plan would qualify for a credit under this chapter.

(b) The application required under subsection (a) must include:

- (1) the name and address of the taxpayer;
- (2) the name and address of each proposed recipient of the taxpayer's proposed investment;
- (3) the amount of the proposed investment;
- (4) a copy of the certification issued under section 7 of this chapter that the proposed recipient is a qualified Indiana business; and
- (5) any other information required by the ~~department of commerce~~ **Indiana economic development corporation**.

(c) If the ~~department of commerce~~ **Indiana economic development corporation** determines that:

- (1) the proposed investment would qualify the taxpayer for a credit under this chapter; and
- (2) the amount of the proposed investment would not result in the total amount of tax credits certified for the calendar year exceeding ten million dollars (\$10,000,000);

the ~~department of commerce~~ **corporation** shall certify the taxpayer's proposed investment plan.

(d) To receive a credit under this chapter, the taxpayer must provide qualified investment capital to a qualified Indiana business according to the taxpayer's certified investment plan within two (2) years after the date on which the ~~department of commerce~~ **Indiana economic development corporation** certifies the investment plan.

(e) Upon making the investment required under subsection (d), the taxpayer shall provide proof of the investment to the ~~department of commerce~~ **Indiana economic development corporation**.

(f) Upon receiving proof of a taxpayer's investment under subsection (e), the ~~department of commerce~~ **Indiana economic development corporation** shall issue the taxpayer a certificate indicating that the taxpayer has fulfilled the requirements of the ~~department of commerce~~ **corporation** and that the taxpayer is entitled to a credit under this chapter.

(g) A taxpayer forfeits the right to a tax credit attributable to an investment certified under subsection (c) if the taxpayer fails to make

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the proposed investment within the period required under subsection (d).

SECTION 101. IC 6-3.1-24-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department, along with the taxpayer's state tax return or returns, a copy of the certificate issued by the ~~department of commerce~~ **Indiana economic development corporation** to the taxpayer under section 12.5(f) of this chapter and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 102. IC 6-3.1-26-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 2.5. As used in this chapter, "corporation" means the Indiana economic development corporation established by IC 5-28-3-1.**

SECTION 103. IC 6-3.1-26-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures for:

- (1) the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing equipment;
- (2) the purchase of new computers and related equipment;
- (3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;
- (4) onsite infrastructure improvements;
- (5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;
- (6) costs associated with retooling existing machinery and equipment; and
- (7) costs associated with the construction of special purpose buildings and foundations for use in the computer, software, biological sciences, or telecommunications industry;

that are certified by the ~~board~~ **corporation** under this chapter as being eligible for the credit under this chapter.

(b) The term does not include property that can be readily moved outside Indiana.

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SECTION 104. IC 6-3.1-26-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. The ~~board~~ **corporation** may make credit awards under this chapter to foster job creation and higher wages in Indiana.

SECTION 105. IC 6-3.1-26-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. A taxpayer that:

- (1) is awarded a tax credit under this chapter by the ~~board~~ **corporation**; and
- (2) complies with the conditions set forth in this chapter and the agreement entered into by the ~~board~~ **corporation** and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability in a taxable year.

SECTION 106. IC 6-3.1-26-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. A person that proposes a project to create new jobs or increase wage levels in Indiana may apply to the ~~board~~ **corporation** before the taxpayer makes the qualified investment to enter into an agreement for a tax credit under this chapter. The director shall prescribe the form of the application.

SECTION 107. IC 6-3.1-26-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. After receipt of an application, the ~~board~~ **corporation** may enter into an agreement with the applicant for a credit under this chapter if the ~~board~~ **corporation** determines that all the following conditions exist:

- (1) The applicant has conducted business in Indiana for at least one (1) year immediately preceding the date the application is received.
- (2) The applicant's project will raise the total earnings of employees of the applicant in Indiana.
- (3) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.
- (4) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of employees in Indiana.
- (5) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.
- (6) The credit is not prohibited by section 19 of this chapter.
- (7) The average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the

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location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

SECTION 108. IC 6-3.1-26-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. A person is not entitled to claim the credit provided by this chapter for any jobs that the person relocates from one (1) site in Indiana to another site in Indiana. Determinations under this section shall be made by the ~~board~~ **corporation**.

SECTION 109. IC 6-3.1-26-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. The ~~board~~ **corporation** shall certify the amount of the qualified investment that is eligible for a credit under this chapter. In determining the credit amount that should be awarded, the ~~board~~ **corporation** shall grant a credit only for the amount of the qualified investment that is directly related to expanding the workforce in Indiana.

SECTION 110. IC 6-3.1-26-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 21. The ~~board~~ **corporation** shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all the following:

- (1) A detailed description of the project that is the subject of the agreement.
- (2) The first taxable year for which the credit may be claimed.
- (3) The amount of the taxpayer's state tax liability for each tax in the taxable year of the taxpayer that immediately preceded the first taxable year in which the credit may be claimed.
- (4) The maximum tax credit amount that will be allowed for each taxable year.
- (5) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.
- (6) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.
- (7) A requirement that the taxpayer shall annually report to the ~~board~~ **corporation** the number of new employees who are performing jobs not previously performed by an employee, the average wage of the new employees, the average wage of all employees at the location where the qualified investment is made, and any other information the director needs to perform the director's duties under this chapter.

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(8) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (7), and that after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(9) A requirement that the taxpayer shall pay an average wage to all its employees other than highly compensated employees in each taxable year that a tax credit is available that equals at least one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

(10) A requirement that the taxpayer will keep the qualified investment property that is the basis for the tax credit in Indiana for at least the lesser of its useful life for federal income tax purposes or ten (10) years.

(11) A requirement that the taxpayer will maintain at the location where the qualified investment is made during the term of the tax credit a total payroll that is at least equal to the payroll level that existed before the qualified investment was made.

(12) A requirement that the taxpayer shall provide written notification to the director and the ~~board~~ **corporation** not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.

(13) Any other performance conditions that the ~~board~~ **corporation** determines are appropriate.

SECTION 111. IC 6-3.1-26-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. If the director determines that a taxpayer who has received a credit under this chapter is not complying with the requirements of the tax credit agreement or all the provisions of this chapter, the director shall, after giving the taxpayer an opportunity to explain the noncompliance, notify the ~~department of commerce~~ **Indiana economic development corporation** and the department of state revenue of the noncompliance and request an assessment. The department of state revenue, with the assistance of the director, shall state the amount of the assessment, which may not exceed the sum of any previously allowed credits under this chapter. After receiving the notice, the department of state revenue shall make an assessment against the taxpayer under IC 6-8.1.

SECTION 112. IC 6-3.1-26-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 24. On or before March 31 each year, the director shall submit a report to the ~~board~~ **corporation** on the tax credit program under this chapter. The report must include information on the number of agreements that were

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entered into under this chapter during the preceding calendar year, a description of the project that is the subject of each agreement, an update on the status of projects under agreements entered into before the preceding calendar year, and the sum of the credits awarded under this chapter. A copy of the report shall be transmitted in an electronic format under IC 5-14-6 to the executive director of the legislative services agency for distribution to the members of the general assembly.

SECTION 113. IC 6-3.1-26-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. On a biennial basis, the ~~board corporation~~ shall provide for an evaluation of the tax credit program. ~~giving first priority to using the Indiana economic development council established under IC 4-3-14.~~ The evaluation must include an assessment of the effectiveness of the program in creating new jobs and increasing wages in Indiana and of the revenue impact of the program and may include a review of the practices and experiences of other states with similar programs. The director shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives after June 30 and before November 1 in each odd-numbered year. **The report provided to the president pro tempore of the senate and the speaker of the house of representatives must be in an electronic format under IC 5-14-6.**

SECTION 114. IC 8-3-1-21.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21.1. (a) Upon receiving notice of intent to abandon railroad rights-of-way from any railroad company, the department shall, upon receipt, notify:

- (1) the county executives, county surveyors, and cities and towns of the counties affected;
- ~~(2) the department of commerce;~~
- (2) the Indiana economic development corporation; and**
- (3) the department of natural resources;

of the notice.

(b) Within one (1) year of a final decision of the Interstate Commerce Commission permitting an abandonment of a railroad right-of-way, the railroad shall remove any crossing control device, railroad insignia, and rails on that ~~portion part~~ of the right-of-way that serves as a public highway and reconstruct that part of the highway so that it conforms to the standards of the contiguous roadway. The Indiana department of transportation or the county, city, or town department of highways having jurisdiction over the highway may restore the crossing if the unit:

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- (1) adopts construction specifications for the project; and
- (2) enters into an agreement with the railroad concerning the project.

The cost of removing any crossing control device, railroad insignia, rails, or ties under this subsection must be paid by the railroad. The cost of reconstructing the highway surface on the right-of-way must be paid by the Indiana department of transportation or the county, city, or town department of highways having jurisdiction over the crossing.

(c) If a railroad fails to comply with subsection (b), the Indiana department of transportation or the county, city, or town department of highways having jurisdiction over the crossing may proceed with the removal and reconstruction work. The cost of the removal and reconstruction shall be documented by the agency performing the work and charged to the railroad. Work by the agency may not proceed until at least sixty (60) days after the railroad is notified in writing of the agency's intention to undertake the work.

(d) This section does not apply to an abandoned railroad right-of-way on which service is to be reinstated or continued.

(e) As used in this section, "crossing control device" means any traffic control device installed by the railroad and described in the National Railroad Association's manual, Train Operations, Control and Signals Committee, Railroad-Highway Grade-Crossing Protection, Bulletin No. 7, as an appropriate traffic control device.

(f) Costs not paid by a railroad under subsection (b) may be added to the railroad's property tax statement of current and delinquent taxes and special assessments under IC 6-1.1-22-8.

(g) Whenever the Indiana department of transportation notifies the department of natural resources that a railroad intends to abandon a railroad right-of-way under this section, the department of natural resources shall make a study of the feasibility of converting the right-of-way for recreational purposes. The study must be completed within ninety (90) days after receiving the notice from the Indiana department of transportation. If the department of natural resources finds that recreational use is feasible, the department of natural resources shall urge the appropriate state and local authorities to acquire the right-of-way for recreational purposes.

SECTION 115. IC 8-4.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The board consists of the following members:

- (1) The commissioner or the commissioner's designee.
- (2) The director or the director's designee.
- (3) An individual representing agriculture appointed by the

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governor.

(4) An individual representing the railroad industry appointed by the governor.

(5) An individual representing persons interested in the preservation of railroad corridors for recreational and other uses appointed by the governor.

(6) An individual representing local government appointed by the governor.

(7) An individual representing the utility industry appointed by the governor.

(8) Two (2) individuals appointed by the governor, one (1) of whom must be a property owner.

(9) The ~~director~~ **secretary** of the ~~department~~ of commerce or the ~~director's secretary's~~ designee.

(b) In appointing members of the board, the governor shall appoint members so that not more than five (5) members of the board belong to the same political party.

SECTION 116. IC 8-21-9-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The department ~~shall have~~ **has** jurisdiction only over two (2) major new continental or intercontinental airport facilities designed and constructed to serve a ~~portion~~ **part** of Indiana or adjacent states.

(b) The department may designate the location and character of all airport facilities which the department may hold, own, or over which it is authorized to act and to regulate all matters related to the location and character of the airport facilities.

(c) The department may designate the location and establish, limit, and control points of ingress to and egress from any airport property.

(d) The department may lease to others for development or operation ~~such portions the parts~~ of any airport or airport facility on ~~such~~ terms and conditions as the department considers necessary.

(e) The department may make directly, or through hiring of expert consultants, investigations and surveys of whatever nature, including, but not limited to, studies of business conditions, freight rates, airport services, physical surveys of the conditions of structures, and the necessity for additional airports or for additional airport facilities for the development and improvement of commerce and for the more expeditious handling of ~~such~~ commerce, and to make ~~such~~ studies, surveys, and estimates as are necessary for the execution of its powers under this chapter.

(f) The department may make and enter into all contracts, undertakings, and agreements necessary or incidental to the

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performance of its duties and the execution of its powers under this chapter. When the cost of any such contract for construction, or for the purchase of equipment, materials or supplies, involves an expenditure of more than five thousand dollars (\$5,000), the department shall make a written contract with the lowest and best bidder after advertisement for not less than two (2) consecutive weeks in a newspaper of general circulation in Marion County, Indiana, and in such other publications as the department shall determine. Such notice shall state the general character of the materials to be furnished, the place where plans and specifications therefor may be examined, and the time and place of receiving bids. Each bid shall contain the full name of every person or company interested in it and shall be accompanied by a sufficient bond or certified check on a solvent bank that if the bid is accepted a contract will be entered into and the performance of its proposal secured. The department may reject any and all bids. A bond with good and sufficient surety, as shall be approved by the department, shall be required of all contractors in an amount equal to at least fifty percent (50%) of the contract price conditioned upon the faithful performance of the contract.

(g) The department may fix and revise ~~from time to time~~ **periodically** and charge and collect equitable rates, fees, rentals, or other charges for the use of any airport facility or airport facilities under its control, which rates, fees, rentals, or other charges shall be in amounts reasonably related to the cost of providing and maintaining the particular airport facility or airport facilities for which these rates, fees, rentals, and other charges are established.

(h) The department may ~~subject to IC 8-9.5-6-1,~~ make application for, receive, and accept from any federal agency, grants for or in aid of the planning, construction, operating, or financing of any airport facility, and to receive and accept contributions from any source of either money, property, labor, or other things of value, to be held, used and applied for the purposes for which made, in each case on such terms and conditions as the department considers necessary or desirable. ~~also, to~~ **The department may** enter into and carry out contracts and agreements in connection with ~~any of the foregoing; this subsection.~~

(i) The department may appear in its own behalf before boards, commissions, departments, or other agencies of the federal government or of any state or international conference and before committees of the Congress of the United States and the general assembly of Indiana in all matters relating to the designs, establishment, construction, extension, operations, improvements, repair, or maintenance of any

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airport or airport facility operated and maintained by the department under this chapter, and to appear before any federal or state agencies in matters relating to air rates, airport services and charges, differentials, discriminations, labor relations, trade practices, and all other matters affecting the physical development of and the business interest of the department and those it serves.

(j) The department may contract for the services of consulting engineers, architects, attorneys, accountants, construction and financial experts, and such other individuals as are necessary in its judgment. However, the employment of an attorney shall be subject to such approval of the attorney general as may be required by law.

(k) The department may do all things necessary and proper to promote and increase commerce within its territorial jurisdiction, including cooperation with civic, technical, professional, and business organizations and associations and the Indiana ~~department of commerce~~ **economic development corporation**.

(l) The department may establish and maintain a traffic bureau for the purpose of advising the department as to the airport's competitive economic position with other airports.

(m) The department may contract for the use of any license, process, or device, whether patented or not, which the department finds is necessary for the operation of any airport facility, and may permit the use thereof by any lessee on such terms and conditions as the department may determine. The cost of such license, process, or device may be included as part of the cost of the airport facility.

(n) The department may ~~subject to IC 8-9.5-5-8(6)~~, issue airport revenue bonds and airport revenue funding bonds.

(o) The department may do all acts and things necessary or proper to carry out the powers expressly granted in this chapter.

SECTION 117. IC 8-22-3.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) This section applies only to an airport development zone that is in a:

- (1) city described in section 1(2) of this chapter; or
- (2) county described in section 1(3) or 1(4) of this chapter.

(b) Notwithstanding any other law, a business or an employee of a business that is located in an airport development zone is entitled to the benefits provided by the following statutes, as if the business were located in an enterprise zone:

- (1) IC 6-1.1-20.8.
- (2) IC 6-3-2-8.
- (3) IC 6-3-3-10.
- (4) IC 6-3.1-7.



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(5) IC 6-3.1-9.

(6) IC 6-3.1-10-6.

(c) Before June 1 of each year, a business described in subsection (b) must pay a fee equal to the amount of the fee that is required for enterprise zone businesses under ~~IC 4-4-6.1-2(a)(4)(A)~~. **IC 5-28-15-5(a)(4)(A)**. However, notwithstanding ~~IC 4-4-6.1-2(a)(4)(A)~~, **IC 5-28-15-5(a)(4)(A)**, the fee shall be paid into the debt service fund established under section 9(e)(2) of this chapter. If the commission determines that a business has failed to pay the fee required by this subsection, the business is not eligible for any of the benefits described in subsection (b).

(d) A business that receives any of the benefits described in subsection (b) must use all of those benefits, except for the amount of the fee required by subsection (c), for its property or employees in the airport development zone and to assist the commission. If the commission determines that a business has failed to use its benefits in the manner required by this subsection, the business is not eligible for any of the benefits described in subsection (b).

(e) If the commission determines that a business has failed to pay the fee required by subsection (c) or has failed to use benefits in the manner required by subsection (d), the commission shall provide written notice of the determination to the department of state revenue, the department of local government finance, and the county auditor.

SECTION 118. IC 8-23-12-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The department shall annually adopt from its long range program and publish a biennial work program of construction to be accomplished within the following two (2) fiscal years. This biennial work program must consist of a list of projects listed in order of urgency. In case of emergencies and disasters resulting in the necessity for completely unforeseen demands for construction, or if unforeseen difficulties arise in the acquisition of rights-of-way, materials, labor, or equipment necessary for proposed construction or the availability of funds, a deviation from the adopted biennial work program is permitted. The relative urgency of proposed construction shall be determined by a consideration of the physical condition, the safety and service characteristics of the highways under consideration, and the economic needs of the area served by the highways. In arriving at and making a determination, the department shall utilize all studies, data, and information made available to it from any appropriate source including economic data, relative to affected areas, from the ~~department of commerce~~. **Indiana economic development corporation.**

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SECTION 119. IC 13-17-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The board consists of the following ~~eleven (11)~~ **twelve (12)** members:

(1) The following ex officio members:

- (A) The commissioner of the state department of health.
- (B) The director of the department of natural resources.
- (C) The lieutenant governor.

(D) The secretary of commerce or the secretary's designee.

(2) The following eight (8) members, who shall be appointed by the governor based on recommendations from representative constituencies:

- (A) One (1) representative of agriculture.
- (B) One (1) representative of manufacturing employed by an entity that has applied for or received a Title V operating permit.
- (C) One (1) representative of environmental interests.
- (D) One (1) representative of labor.
- (E) One (1) representative of local government.
- (F) One (1) health professional who holds a license to practice in Indiana.
- (G) One (1) representative of small business.
- (H) One (1) representative of the general public, who cannot qualify to sit on the board under any of the other clauses in this subdivision.

An individual appointed under this subdivision must possess knowledge, experience, or education qualifying the individual to represent the entity the individual is being recommended to represent.

SECTION 120. IC 13-17-2-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. ~~Six (6)~~ **Seven (7)** members of the board, four (4) of whom must be appointed members of the board, constitute a quorum.

SECTION 121. IC 13-18-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The board consists of the following ~~eleven (11)~~ **twelve (12)** members:

(1) The following ex officio members:

- (A) The commissioner of the state department of health.
- (B) The director of the department of natural resources.
- (C) The lieutenant governor.

(D) The secretary of commerce or the secretary's designee.

(2) The following eight (8) members, who shall be appointed by the governor based on recommendations from representative

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constituencies:

- (A) One (1) representative of agriculture.
- (B) One (1) representative of manufacturing employed by an entity that holds an NPDES major permit.
- (C) One (1) representative of environmental interests.
- (D) One (1) representative of labor.
- (E) One (1) representative of local government.
- (F) One (1) health professional who holds a license to practice in Indiana.
- (G) One (1) representative of small business.
- (H) One (1) representative of the general public, who cannot qualify to sit on the board under any of the other clauses in this subdivision.

(b) An individual appointed under subsection (a)(2) must possess knowledge, experience, or education qualifying the individual to represent the entity the individual is being recommended to represent.

SECTION 122. IC 13-18-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. ~~Six (6)~~ **Seven (7)** members of the board, four (4) of whom must be appointed members of the board, constitute a quorum.

SECTION 123. IC 13-19-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The board consists of ~~thirteen (13)~~ **fourteen (14)** members as follows:

- (1) The following ex officio members:
 - (A) The commissioner of the state department of health.
 - (B) The director of the department of natural resources.
 - (C) The lieutenant governor.
 - (D) The secretary of commerce or the secretary's designee.**
- (2) The following ten (10) members, who shall be appointed by the governor based on recommendations from representative constituencies:
 - (A) One (1) representative of agriculture.
 - (B) One (1) representative of manufacturing.
 - (C) One (1) representative of environmental interests.
 - (D) One (1) representative of labor.
 - (E) One (1) representative of local government.
 - (F) One (1) health professional who holds a license to practice in Indiana.
 - (G) One (1) representative of small business.
 - (H) One (1) representative of the general public, who cannot qualify to sit on the board under any of the other clauses in this subdivision.

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(I) One (1) representative of the solid waste management industry.

(J) One (1) representative of the solid waste management districts.

(b) An individual appointed under subsection (a)(2) must possess knowledge, experience, or education qualifying the individual to represent the entity the individual is being recommended to represent.

SECTION 124. IC 13-19-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. ~~Seven (7)~~ **Eight (8)** members of the board, four (4) of whom must be appointed members of the board, constitute a quorum.

SECTION 125. IC 13-27.5-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The board consists of thirteen (13) members.

(b) The commissioner and the ~~president~~ **chairperson** of the ~~board of the Indiana economic development council corporation~~ established under ~~IC 4-3-14~~ **IC 5-28-3** or the **chairperson's designee** shall serve as ex officio nonvoting members of the board. The commissioner or the ~~president~~ **chairperson** may in writing designate a technical representative to serve as a nonvoting member of the board when the commissioner or the ~~president~~ **chairperson** is absent from a meeting of the board.

(c) The governor shall appoint eleven (11) members of the board as follows:

- (1) One (1) representative of public universities in Indiana.
- (2) One (1) representative of private universities in Indiana.
- (3) Three (3) representatives of manufacturers, including one (1) representative of small manufacturers.
- (4) One (1) representative of a statewide environmental organization.
- (5) One (1) representative of organized labor.
- (6) One (1) representative of the public.
- (7) One (1) representative of county government.
- (8) One (1) representative of municipal government.
- (9) One (1) representative who must have expertise in occupational health and the workplace environment.

(d) To be appointed as a member of the board under subsection (c), an individual must demonstrate a knowledge of policy or of technical matters concerning multimedia clean manufacturing.

(e) An individual appointed to the board under subsection (c)(1) or (c)(2) may not represent a university that is selected to establish the Indiana clean manufacturing technology and safe materials institute

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under IC 13-27.5-2.

SECTION 126. IC 13-27.5-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The commissioner and the **president chairperson** of the **board of the economic development ~~council~~ corporation** serve on the board without additional compensation.

(b) An appointed member of the board or an adviser is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). An appointed member of the board or an adviser is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the duties of the member or adviser as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

SECTION 127. IC 14-33-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) To pay the costs of establishing a district, including general, legal, and administrative costs and costs incident to preparing the district plan, money may be obtained from one (1) or a combination of the following methods:

- (1) Gifts, loans, or grants from a state or federal agency, or both.
- (2) Gifts from any source.
- (3) The collection of the special benefit tax.
- (4) Borrowing from private or public sources in anticipation of the collection of the tax.
- (5) Advances from the general fund of the county under section 15 of this chapter.
- (6) Borrowing from the economic development fund created by ~~IC 4-4-7 IC 5-28-8~~ for any of the purposes in IC 14-33-1-1.
- (7) Borrowing from the flood control revolving fund created by IC 14-28-5 for any of the purposes in IC 14-33-1-1.

(b) All persons, agencies, and departments charged with the administration and supervision of funds such as those created by ~~IC 4-4-7 IC 5-28-8~~ and IC 14-28-5 may make loans and advances to a district. The procedures, terms, and conditions of the loans must be the same as provided in the statutes establishing the funds but shall be modified and supplemented to fit this article to facilitate the financing of districts.

(c) This section does not preclude the borrowing of money for the following:

- (1) Establishing the district.
- (2) General, legal, and administrative costs.

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- (3) Costs incident to preparing the district plan in conjunction with borrowing of money to pay construction costs.

SECTION 128. IC 14-33-7-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. A district shall promptly repay any money that is advanced to the district from:

- (1) the general fund of a county; or
- (2) the economic development fund created by ~~IC 4-4-7;~~
IC 5-28-8;

from money received through the collection of an authorized tax or assessment.

SECTION 129. IC 20-1-18.3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. The commission shall also do the following:

- (1) Make recommendations to the general assembly concerning the development, duplication, and accessibility of employment training and vocational education on a regional and statewide basis.
- (2) Consult with any state agency, commission, or organization that supervises or administers programs of vocational education concerning the coordination of vocational education, including the following:
 - (A) The ~~department of commerce.~~ **Indiana economic development corporation.**
 - (B) The state human resource investment council.
 - (C) A private industry council (as defined in 29 U.S.C. 1501 et seq.).
 - (D) The department of labor.
 - (E) The Indiana commission on proprietary education.
 - (F) The commission for higher education.
 - (G) The Indiana state board of education.
- (3) Review and make recommendations concerning plans submitted by the Indiana state board of education and the commission for higher education. The commission may request the resubmission of plans or parts of plans that do not meet the following criteria:
 - (A) Consistency with the long range state plan of the commission.
 - (B) Evidence of compatibility of plans within the system.
 - (C) Avoidance of duplication of existing services.
- (4) Report to the general assembly on the commission's conclusions and recommendations concerning interagency cooperation, coordination, and articulation of vocational

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education and employment training. A report under this subdivision must in an electronic format under IC 5-14-6.

(5) Study and develop a plan concerning the transition between secondary level vocational education and postsecondary level vocational education.

(6) Enter into agreements with the federal government that may be required as a condition of receiving federal funds under the Vocational Education Act (20 U.S.C. 2301 et seq.). An agreement entered into under this subdivision is subject to the approval of the budget agency.

SECTION 130. IC 20-11-3-5.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5.5. (a) As used in this section, "concerned state agency" includes the following state agencies that are inherently concerned with the mission of the coalition as stated in section 1 of this chapter:

- (1) The state library and historical society.
- (2) The department of workforce development.
- (3) The department of correction.
- (4) The office of the secretary of family and social services.
- (5) ~~The department of commerce.~~ **Indiana economic development corporation.**
- (6) The department of education.

(b) The director of a concerned state agency shall:

- (1) appoint an ex officio member to serve on the coalition; and
- (2) provide appropriate support to the coalition.

SECTION 131. IC 22-4-19-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Each employing unit shall keep true and accurate records containing information the department considers necessary. These records are:

- (1) open to inspection; and
- (2) subject to being copied;

by an authorized representative of the department at any reasonable time and as often as may be necessary. The commissioner, the review board, or an administrative law judge may require from any employing unit any verified or unverified report, with respect to persons employed by it, which is considered necessary for the effective administration of this article.

(b) Except as provided in subsections (d) and (f), information obtained or obtained from any person in the administration of this article and the records of the department relating to the unemployment tax, the skills 2016 assessment under IC 22-4-10.5-3, or the payment of benefits is confidential and may not be published or be open to

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public inspection in any manner revealing the individual's or the employing unit's identity, except in obedience to an order of a court or as provided in this section.

(c) A claimant at a hearing before an administrative law judge or the review board shall be supplied with information from the records referred to in this section to the extent necessary for the proper presentation of the subject matter of the appearance. The commissioner may make the information necessary for a proper presentation of a subject matter before an administrative law judge or the review board available to an agency of the United States or an Indiana state agency.

(d) The commissioner may release the following information:

- (1) Summary statistical data may be released to the public.
- (2) Employer specific information known as ES 202 data and data resulting from enhancements made through the business establishment list improvement project may be released to the ~~department of commerce~~ **Indiana economic development corporation** only for the following purposes:

- (A) The purpose of conducting a survey.
- (B) The purpose of aiding the officers or employees of the ~~department of commerce~~ **Indiana economic development corporation** in providing economic development assistance through program development, research, or other methods.
- (C) Other purposes consistent with the goals of the ~~department of commerce~~ **Indiana economic development corporation** and not inconsistent with those of the department.

- (3) Employer specific information known as ES 202 data and data resulting from enhancements made through the business establishment list improvement project may be released to the budget agency only for aiding the employees of the budget agency in forecasting tax revenues.

- (4) Information obtained from any person in the administration of this article and the records of the department relating to the unemployment tax or the payment of benefits for use by the following governmental entities:

- (A) department of state revenue; or
- (B) state or local law enforcement agencies;

only if there is an agreement that the information will be kept confidential and used for legitimate governmental purposes.

(e) The commissioner may make information available under subsection (d)(1), (d)(2), or (d)(3) only:

- (1) if:
 - (A) data provided in summary form cannot be used to identify

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information relating to a specific employer or specific employee; or

(B) there is an agreement that the employer specific information released to the ~~department of commerce~~ **Indiana economic development corporation** or the budget agency will be treated as confidential and will be released only in summary form that cannot be used to identify information relating to a specific employer or a specific employee; and

(2) after the cost of making the information available to the person requesting the information is paid under IC 5-14-3.

(f) In addition to the confidentiality provisions of subsection (b), any information furnished by the claimant or an agent to the department to verify a claim of domestic or family violence is confidential. This information shall not be disclosed to the employer or any other person. Disclosure is subject to the following restrictions:

(1) The claimant must be notified before any release of information.

(2) Any disclosure is subject to redaction of unnecessary identifying information, including the claimant's address.

(g) An employee:

(1) of the department who recklessly violates subsection (a), (c), (d), (e), or (f); or

(2) of any governmental entity listed in subsection (d)(4) of this chapter who recklessly violates subsection (d)(4) of this chapter;

commits a Class B misdemeanor.

(h) An employee of the ~~department of commerce~~ **Indiana economic development corporation** or the budget agency who violates subsection (d) or (e) commits a Class B misdemeanor.

SECTION 132. IC 23-6-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. In furtherance of its purposes and in addition to the powers conferred on corporations by IC 23-1, a credit corporation may:

(1) borrow money from any lending institution or from any agency established under the Small Business Investment Act of 1958 (Public Law 85-699, 72 Stat. 689), as amended, or under other federal or state statutes;

(2) do all things necessary or desirable to secure aid, assistance, loans, and other financing from its members (whether as member loans or otherwise);

(3) issue bonds, debentures, notes, or other evidences of indebtedness, whether secured or unsecured, and secure any of those instruments by a mortgage, pledge, deed of trust, or other

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lien on any property, franchise, rights, or privileges of the credit corporation, without securing member or shareholder approval;

(4) lend money to, and guarantee, endorse, or act as surety on the bonds, notes, contracts, or other obligations of, or otherwise assist financially, any person, firm, corporation, limited liability company, or association;

(5) establish and regulate the terms and conditions of transactions entered into under subdivision (4) and the charges for interest and services connected with those transactions;

(6) acquire any interest in the goodwill, business rights, real and personal property, and other assets of any persons or corporations and assume, undertake, or pay the obligations, debts, and liabilities of that person or corporation;

(7) acquire improved or unimproved real estate for the purpose of constructing industrial plants or other business establishments;

(8) acquire, construct, reconstruct, alter, repair, maintain, operate, sell, convey, transfer, lease, or otherwise dispose of industrial plants or business establishments;

(9) acquire, subscribe for, own, sell, hold, assign, transfer, mortgage, pledge, or otherwise dispose of the stock, shares, bonds, debentures, notes, or other securities and evidences of interest in or indebtedness of any person or corporation and, while the owner or holder of such a property interest, exercise all the rights, powers, and privileges of ownership, including the right to vote;

(10) acquire and dispose of an interest in any other type of real or personal property, including any real or personal property acquired by the corporation from time to time in the satisfaction of debts or as a result of the enforcement of obligations;

(11) mortgage, pledge, or otherwise encumber any property, right, or thing of value acquired by the credit corporation as security for the payment of any part of the purchase price for the acquired item;

(12) cooperate with and avail itself of the facilities of the United States Department of Commerce, the Indiana ~~department of commerce~~, **economic development corporation**, and any other similar state or federal governmental agencies;

(13) cooperate with, assist, and otherwise encourage organizations in the various communities of Indiana in the promotion, assistance, and development of the business prosperity and economic well-being of those communities, Indiana, or any political subdivision of Indiana;

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(14) make, amend, and repeal bylaws, not inconsistent with its articles of incorporation or with the laws of Indiana, for the administration and regulation of the affairs of the corporation, which bylaws may:

(A) establish internal governance procedures and standards, including procedures for voting by proxy at and for giving notice of meetings of directors and of members and shareholders, procedures and standards for the payment of dividends, and procedures for the delegation by the board of directors of its authority under the articles of incorporation and this chapter to one (1) or more committees of the board or to officers of the corporation; and

(B) give the board of directors or committees of the board the power to pass resolutions necessary or convenient to carrying out the purposes of the corporation; and

(15) do all acts and things necessary or convenient to carrying out the powers expressly granted in this chapter.

SECTION 133. IC 36-7-13.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. The commission shall:

(1) identify qualifying properties;

(2) prepare a comprehensive master plan for development and redevelopment within the corridor that:

(A) plans for remediation of environmental contamination;

(B) accounts for economic development and transportation issues relating to environmental contamination; and

(C) establishes priorities for development or redevelopment of qualifying properties;

(3) establish guidelines for the evaluation of applications for grants from the fund;

(4) after reviewing a report from the department of environmental management under section 22 of this chapter, refer to the executive committee applications for grants from the fund under section 21 of this chapter that the commission recommends for approval;

(5) prepare and provide information to political subdivisions on the availability of financial assistance from the fund;

(6) coordinate the implementation of the comprehensive master plan;

(7) monitor the progress of implementation of the comprehensive master plan;

(8) report at least annually to the governor, the lieutenant

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governor, **the Indiana economic development corporation**, the legislative council, and all political subdivisions that have territory within the corridor on:

- (A) the activities of the commission; and
- (B) the progress of implementation of the comprehensive master plan; and
- (9) employ an executive director and other individuals that are necessary to carry out the commission's duties.

An annual report under subdivision (8) to the legislative council must be in an electronic format under IC 5-14-6.

SECTION 134. IC 36-7-14-22.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22.2. (a) The commission may sell or grant, at no cost, title to real property to an urban enterprise association for the purpose of developing the real property if the following requirements are met:

- (1) The urban enterprise association has incorporated as a ~~not-for-profit~~ **nonprofit** corporation under ~~IC 4-4-6.1-5(b)(3)~~. **IC 5-28-15-14(b)(3)**.
- (2) The parcel of property to be sold or granted is located entirely within the enterprise zone for which the urban enterprise association was created under ~~IC 4-4-6.1-4~~. **IC 5-28-15-13**.
- (3) The urban enterprise association agrees to cause development on the parcel of property within a specified period that may not exceed five (5) years from the date of the sale or grant.
- (4) The urban enterprise association agrees to rehabilitate or otherwise develop the property in a manner that is similar to and consistent with the use of the other properties in the enterprise zone.

(b) The commission may sell or grant, at no cost, title to real property to a community development corporation (as defined in IC 4-4-28-2) for the purpose of providing low or moderate income housing or other development that will benefit or serve low or moderate income families if the following requirements are met:

- (1) The community development corporation has as a major corporate purpose and function the provision of housing for low and moderate income families within the geographic area in which the parcel of real property is located.
- (2) The community development corporation agrees to cause development that will serve or benefit low or moderate income families on the parcel of real property within a specified period, which may not exceed five (5) years from the date of the sale or grant.

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(3) The community development corporation agrees that the community development corporation and each applicant, recipient, contractor, or subcontractor undertaking work in connection with the real property will:

(A) use lower income project area residents as trainees and as employees; and

(B) contract for work with business concerns located in the project area or owned in substantial part by persons residing in the project area;

to the greatest extent feasible, as determined under the standards specified in 24 CFR 135.

(4) The community development corporation agrees to rehabilitate or otherwise develop the property in a manner that is similar to and consistent with the use of the other properties in the area served by the community development corporation.

(c) To carry out the purposes of this section, the commission may secure from the county under IC 6-1.1-25-9(e) parcels of property acquired by the county under IC 6-1.1-24 and IC 6-1.1-25.

(d) Before offering any parcel of property for sale or grant, the fair market value of the parcel of property must be determined by an appraiser, who may be an employee of the department. However, if the commission has obtained the parcel in the manner described in subsection (c), an appraisal is not required. An appraisal under this subsection is solely for the information of the commission and is not available for public inspection.

(e) The commission must decide at a public meeting whether the commission will sell or grant the parcel of real property. In making this decision, the commission shall give substantial weight to the extent to which and the terms under which the urban enterprise association or community development corporation will cause development on the property.

(f) Before conducting a meeting under subsection (g), the commission shall publish a notice in accordance with IC 5-3-1 indicating that at a designated time the commission will consider selling or granting the parcel of real property under this section. The notice must state the general location of the property, including the street address, if any, or a common description of the property other than the legal description.

(g) If the county agrees to transfer a parcel of real property to the commission to be sold or granted under this section, the commission may conduct a meeting to sell or grant the parcel to an urban enterprise zone or to a community development corporation even though the

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parcel has not yet been transferred to the commission. After the hearing, the commission may adopt a resolution directing the department to take appropriate steps necessary to acquire the parcel from the county and to transfer the parcel to the urban enterprise association or to the community development corporation.

(h) A conveyance of property under this section shall be made in accordance with section 22(i) of this chapter.

(i) An urban enterprise association that purchases or receives real property under this section shall report the terms of the conveyance to the ~~enterprise zone board created under IC 4-4-6.1-1~~ **of the Indiana economic development corporation** not later than thirty (30) days after the date the conveyance of the property is made.

SECTION 135. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government

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finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded ~~portion~~ **part** of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded ~~portion~~ **part** of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the

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manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

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(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a ~~portion~~ **part** of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

~~(A)~~ (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

~~(B)~~ (ii) the STEP ONE sum.

STEP THREE: Multiply:

~~(A)~~ (i) the STEP TWO quotient; times

~~(B)~~ (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section

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39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective

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date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under ~~IC 4-4-6.1~~, **IC 5-28-15**, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the ~~portion~~ **part** of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in

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the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that ~~portion~~ **part** of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 136. IC 36-7-14-44.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 44.2. On a quadrennial basis, the general assembly shall provide for an evaluation of the provisions of this chapter, giving first priority to using the Indiana economic development ~~council~~ **corporation** established under ~~IC 4-3-14-4~~ **IC 5-28-3**. The evaluation shall be a fiscal analysis, including an assessment of the effectiveness of the provisions of this chapter to:

- (1) create new jobs;
- (2) increase income; and
- (3) increase the tax base;

in the jurisdiction of the unit. The fiscal analysis may also consider impacts on tax burdens borne by property owners. The fiscal analysis may also include a review of the practices and experiences of other states or political subdivisions with laws similar to the provisions of this chapter. The ~~president of the~~ Indiana economic development ~~council~~ **corporation** established under ~~IC 4-3-14-4~~ **IC 5-28-3** or

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another person or entity designated by the general assembly shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives before December 1, 1999, and every fourth year thereafter. **The report submitted to the president pro tempore of the senate and the speaker of the house of representatives must be in an electronic format under IC 5-14-6.**

SECTION 137. IC 36-7-15.1-15.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15.2. (a) The commission may sell or grant, at no cost, title to real property to an urban enterprise association for the purpose of developing the real property if the following requirements are met:

(1) The urban enterprise association has incorporated as a ~~not-for-profit~~ **nonprofit** corporation under ~~IC 4-4-6.1-5(b)(3).~~ **IC 5-28-15-14(b)(3).**

(2) The parcel of property to be sold or granted is located entirely within the enterprise zone for which the urban enterprise association was created under ~~IC 4-4-6.1-4.~~ **IC 5-28-15-13.**

(3) The urban enterprise association agrees to cause development on the parcel of property within a specified period that may not exceed five (5) years from the date of the sale or grant.

(4) The urban enterprise association agrees to rehabilitate or otherwise develop the property in a manner that is similar to and consistent with the use of the other properties in the enterprise zone.

(b) To carry out the purposes of this section, the commission may secure from the county under IC 6-1.1-25-9(e) parcels of property acquired by the county under IC 6-1.1-24 and IC 6-1.1-25.

(c) Before offering any parcel of property for sale or grant, the fair market value of the parcel of property must be determined by an appraiser, who may be an employee of the department. However, if the commission has obtained the parcel in the manner described in subsection (b), an appraisal is not required. An appraisal under this subsection is solely for the information of the commission and is not available for public inspection.

(d) The commission must decide at a public meeting whether the commission will sell or grant the parcel of real property. In making this decision, the commission shall give substantial weight to the extent to which and the terms under which the urban enterprise association will cause development on the property.

(e) Before conducting a meeting under subsection (d), the commission shall publish a notice in accordance with IC 5-3-1

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indicating that at a designated time the commission will consider selling or granting the parcel of real property under this section. The notice must state the general location of the property, including the street address, if any, or a common description of the property other than the legal description.

(f) If the county agrees to transfer a parcel of real property to the commission to be sold or granted under this section, the commission may conduct a meeting to sell or grant the parcel to an urban enterprise zone even though the parcel has not yet been transferred to the commission. After the hearing, the commission may adopt a resolution directing the department to take appropriate steps necessary to acquire the parcel from the county and to transfer the parcel to the urban enterprise association.

(g) A conveyance of property to an urban enterprise association under this section shall be made in accordance with section 15(i) of this chapter.

(h) An urban enterprise association that purchases or receives real property under this section shall report the terms of the conveyance to the ~~enterprise zone board created under IC 4-4-6.1-1~~ **of the Indiana economic development corporation** not later than thirty (30) days after the date the conveyance of the property is made.

SECTION 138. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a

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declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded ~~portion~~ **part** of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded ~~portion~~ **part** of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on

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depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by

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the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

- (A) Determine the amount, if any, by which the base assessed

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value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under ~~IC 4-4-6.1~~, **IC 5-28-15**, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund.

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Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that **portion part** of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment

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district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 139. IC 36-7-15.1-36.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 36.2. On a quadrennial basis, the general assembly shall provide for an evaluation of the provisions of this chapter, giving first priority to using the Indiana economic development ~~council~~ **corporation** established under ~~IC 4-3-14-4~~ **IC 5-28-3**. The evaluation must be a fiscal analysis, including an assessment of the effectiveness of the provisions of this chapter to:

- (1) create new jobs;
- (2) increase income; and
- (3) increase the tax base;

in the jurisdiction of the county. The fiscal analysis may also consider impacts on tax burdens borne by property owners. The fiscal analysis may also include a review of the practices and experiences of other states or political subdivisions with laws similar to the provisions of this chapter. The ~~president of the~~ Indiana economic development ~~council~~ **corporation** established under ~~IC 4-3-14-4~~ **IC 5-28-3** or another person or entity designated by the general assembly shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives before December 1, ~~1999~~, **2007**, and every fourth year thereafter.

SECTION 140. IC 36-7-15.1-53 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

- (1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
- (2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date

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of the allocation provision.

Except as provided in section 55 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A resolution adopted under section 40 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded city and must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

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(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

- (A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of assessed value needed to provide the property

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taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under ~~IC 4-4-6.1~~, **IC 5-28-15**, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation

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fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and

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township officials to follow to assist the department in making the adjustments.

SECTION 141. IC 36-7-30-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the ~~portion~~ **part** of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated

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and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

(E) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that

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year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 27 of this chapter in the same year.

(F) Pay expenses incurred by the reuse authority for local public improvements or structures that were in the allocation area or directly serving or benefiting the allocation area.

(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the

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amount of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1). The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. Property taxes received by a taxing unit under this subdivision are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the military base reuse district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base reuse district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the reuse authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under ~~IC 4-4-6.1~~, **IC 5-28-15**, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that

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exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that ~~portion~~ **part** of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 142. IC 36-7-32-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. As used in this chapter, subject to the approval of the ~~department of commerce~~ **Indiana economic development corporation** under an agreement entered into under section 12 of this chapter, "public facilities" includes the following:

- (1) A street, road, bridge, storm water or sanitary sewer, sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater

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contamination, drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility, rail line, electric, gas, telephone or other communications, or any other type of utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement. Except for rail lines, utility lines, or pipelines, the structures or improvements described in this subdivision must be either owned or used by a public agency, functionally connected to similar or supporting facilities owned or used by a public agency, or designed and dedicated to use by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity. Any road, street, or bridge must be continuously open to public access. A public facility must be located on public property or in a public, utility, or transportation easement or right-of-way.

(2) Land and other assets that are or may become eligible for depreciation for federal income tax purposes for a business incubator located in a certified technology park.

(3) Land and other assets that, if privately owned, would be eligible for depreciation for federal income tax purposes for laboratory facilities, research and development facilities, conference facilities, teleconference facilities, testing facilities, training facilities, or quality control facilities:

(A) that are or that support property whose primary purpose and use is or will be for a high technology activity;

(B) that are owned by a public entity; and

(C) that are located within a certified technology park.

SECTION 143. IC 36-7-32-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. A unit may apply to the ~~department of commerce~~ **Indiana economic development corporation** for designation of all or part of the territory within the jurisdiction of the unit's redevelopment commission as a certified technology park and to enter into an agreement governing the terms and conditions of the designation. The application must be in a form specified by the ~~department~~ **Indiana economic development corporation** and must include information the ~~department~~ **corporation** determines necessary to make the determinations required under section 11 of this chapter.

SECTION 144. IC 36-7-32-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) After receipt of an application under section 10 of this chapter, and subject

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to subsection (b), the ~~department of commerce~~ **Indiana economic development corporation** may designate a certified technology park if the ~~department~~ **corporation** determines that the application demonstrates a firm commitment from at least one (1) business engaged in a high technology activity creating a significant number of jobs and satisfies one (1) or more of the following additional criteria:

(1) A demonstration of significant support from an institution of higher education, a private research based institute, or a military research and development or testing facility on an active United States government military base or other military installation located within, or in the vicinity of, the proposed certified technology park, as evidenced by the following criteria:

(A) Grants of preferences for access to and commercialization of intellectual property.

(B) Access to laboratory and other facilities owned by or under the control of the institution of higher education or private research based institute.

(C) Donations of services.

(D) Access to telecommunications facilities and other infrastructure.

(E) Financial commitments.

(F) Access to faculty, staff, and students.

(G) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.

(H) Other criteria considered appropriate by the ~~department~~ **Indiana economic development corporation**.

(2) A demonstration of a significant commitment by the institution of higher education, private research based institute, or military research and development or testing facility on an active United States government military base or other military installation to the commercialization of research produced at the certified technology park, as evidenced by the intellectual property and, if applicable, tenure policies that reward faculty and staff for commercialization and collaboration with private businesses.

(3) A demonstration that the proposed certified technology park will be developed to take advantage of the unique characteristics and specialties offered by the public and private resources available in the area in which the proposed certified technology park will be located.

(4) The existence of or proposed development of a business incubator within the proposed certified technology park that

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exhibits the following types of resources and organization:

- (A) Significant financial and other types of support from the public or private resources in the area in which the proposed certified technology park will be located.
- (B) A business plan exhibiting the economic utilization and availability of resources and a likelihood of successful development of technologies and research into viable business enterprises.
- (C) A commitment to the employment of a qualified full-time manager to supervise the development and operation of the business incubator.
- (5) The existence of a business plan for the proposed certified technology park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:
 - (A) A commitment to new business formation.
 - (B) The clustering of businesses, technology, and research.
 - (C) The opportunity for and costs of development of properties under common ownership or control.
 - (D) The availability of and method proposed for development of infrastructure and other improvements, including telecommunications technology, necessary for the development of the proposed certified technology park.
 - (E) Assumptions of costs and revenues related to the development of the proposed certified technology park.
- (6) A demonstrable and satisfactory assurance that the proposed certified technology park can be developed to principally contain property that is primarily used for, or will be primarily used for, a high technology activity or a business incubator.

(b) ~~The department of commerce~~ **Indiana economic development corporation** may not approve an application that would result in a substantial reduction or cessation of operations in another location in Indiana in order to relocate them within the certified technology park.

SECTION 145. IC 36-7-32-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. A redevelopment commission and the legislative body of the unit that established the redevelopment commission may enter into an agreement with the ~~department of commerce~~ **Indiana economic development corporation** establishing the terms and conditions governing a certified technology park designated under section 11 of this chapter. Upon designation of the certified technology park under the terms of the agreement, the subsequent failure of any party to comply with the terms of the agreement does not result in the

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termination or rescission of the designation of the area as a certified technology park. The agreement must include the following provisions:

- (1) A description of the area to be included within the certified technology park.
- (2) Covenants and restrictions, if any, upon all or a part of the properties contained within the certified technology park and terms of enforcement of any covenants or restrictions.
- (3) The financial commitments of any party to the agreement and of any owner or developer of property within the certified technology park.
- (4) The terms of any commitment required from an institution of higher education or private research based institute for support of the operations and activities within the certified technology park.
- (5) The terms of enforcement of the agreement, which may include the definition of events of default, cure periods, legal and equitable remedies and rights, and penalties and damages, actual or liquidated, upon the occurrence of an event of default.
- (6) The public facilities to be developed for the certified technology park and the costs of those public facilities, as approved by the ~~department of commerce~~ **Indiana economic development corporation**.

SECTION 146. IC 36-7-32-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) If the ~~department of commerce~~ **Indiana economic development corporation** determines that a sale price or rental value at below market rate will assist in increasing employment or private investment in a certified technology park, the redevelopment commission and the legislative body of the unit may determine the sale price or rental value for public facilities owned or developed by the redevelopment commission and the unit in the certified technology park at below market rate.

(b) If public facilities developed under an agreement entered into under this chapter are conveyed or leased at less than fair market value or at below market rates, the terms of the conveyance or lease shall include legal and equitable remedies and rights to assure that the public facilities are used for high technology activities or as a business incubator. Legal and equitable remedies and rights may include penalties and actual or liquidated damages.

SECTION 147. IC 36-7-32-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. The ~~department of commerce~~ **Indiana economic development corporation** shall market the certified technology park. The ~~department~~ **corporation** and

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a redevelopment commission may contract with each other or any third party for these marketing services.

SECTION 148. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 4-1.5; IC 4-3-11; IC 4-3-12; IC 4-3-13; IC 4-3-14; IC 4-3-15; IC 4-3-16; IC 4-4-3; IC 4-4-3.7; IC 4-4-4.6; IC 4-4-5.1; IC 4-4-6.1; IC 4-4-7; IC 4-4-8; IC 4-4-12; IC 4-4-13; IC 4-4-14; IC 4-4-16.5; IC 4-4-17; IC 4-4-18; IC 4-4-20; IC 4-4-23; IC 4-4-24; IC 4-4-25; IC 4-12-11; IC 6-3.1-13-1; IC 6-3.1-13-12; IC 6-3.1-26-2.

SECTION 149. [EFFECTIVE UPON PASSAGE] **The Indiana economic development corporation established by IC 5-28-3-1, as added by this act, is a continuation of the Indiana economic development corporation established by IC 4-1.5-3-1, which is repealed by this act.**

SECTION 150. P.L.224-2003, SECTION 261, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 261. (a) The duties conferred on the department of commerce relating to energy policy are transferred to the office of ~~energy policy~~ **the lieutenant governor on July 1, 2005; the effective date of this act.** **Notwithstanding any other law, beginning on the effective date of this act, the office of the lieutenant governor is also responsible for administering the following:**

- (1) **The office of energy policy.**
- (2) **The center for coal technology research.**
- (3) **The Indiana recycling and energy development board.**
- (b) The rules, **policies, and guidelines** adopted by:
 - (1) the department of commerce concerning energy policy; **or**
 - (2) **an entity described in subsection (a);**

~~before July 1, 2005; the effective date of this act~~ **are considered on and, after June 30, 2005; the effective date of this act, rules, policies, and guidelines** of the office of ~~energy policy~~ **the lieutenant governor** until the office of ~~energy policy~~ **the lieutenant governor** adopts replacement rules, **policies, and guidelines.**

(c) On ~~July 1, 2005; the effective date of this act~~, the office of ~~energy policy~~ **the lieutenant governor** becomes the owner of all property **and obligations** relating to energy policy of the department of commerce. **Any amounts owed to the department of commerce before the effective date of this act under a program administered under this SECTION on or after the effective date of this act by the office of the lieutenant governor shall be payable to the office of the lieutenant governor.**

(d) Any appropriations to the department of commerce relating to

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energy policy and any funds relating to energy policy under the control or supervision of the department of commerce on ~~June 30, 2005~~, **the effective date of this act, as determined by the budget agency**, are ~~be~~ transferred to the control or supervision of the office of ~~energy policy~~ **the lieutenant governor** on ~~July 1, 2005~~, **the effective date of this act**.

(e) The legislative services agency shall prepare legislation for introduction in the ~~2004~~ **2006** regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the office of ~~energy policy~~ **by this act**, ~~the lieutenant governor~~.

(f) This SECTION expires ~~January~~ **July 1, 2006**, **2007**.

SECTION 151. P.L.224-2003, SECTION 262, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 262. (a) The duties conferred on the department of commerce relating to tourism and community development are transferred to the ~~department office of tourism and community development~~ **the lieutenant governor** on ~~July 1, 2005~~, **the effective date of this act**. **Notwithstanding any other law, beginning on the effective date of this act, the office of the lieutenant governor is also responsible for administering the following funds, programs, councils, and accounts:**

- (1) **The tourism information and promotion fund.**
- (2) **The tourism marketing fund.**
- (3) **The Indiana tourism council.**
- (4) **The community promotion program.**
- (5) **The Indiana main street program.**
- (6) **The individual development accounts program.**
- (7) **The home ownership education account.**

(b) The rules, **policies, and guidelines** adopted by:

- (1) the department of commerce concerning tourism and community development; **or**
- (2) **an entity described in subsection (a);**

~~before July 1, 2005; the effective date of this act~~ **are considered, on and after June 30, 2005; the effective date of this act**, rules, **policies, and guidelines** of the ~~department office of tourism and community development~~ **the lieutenant governor** until the ~~department office of tourism and community development~~ **the lieutenant governor** adopts replacement rules, **policies, and guidelines**.

(c) On ~~July 1, 2005~~, **the department effective date of this act**, the ~~office of tourism and community development~~ **the lieutenant governor** becomes the owner of all property **and obligations** relating

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to tourism promotion and community development of the department of commerce. **Any amounts owed to the department of commerce before the effective date of this act under a program administered under this SECTION on and after the effective date of this act by the office of the lieutenant governor shall be payable to the office of the lieutenant governor.**

(d) Any appropriations to the department of commerce relating to tourism and community development and funds relating to tourism and community development under the control or supervision of the department of commerce on ~~June 30, 2005; the effective date of this act, as determined by the budget agency,~~ are transferred to the control or supervision of the ~~department office of tourism and community development~~ **the lieutenant governor** on ~~July 1, 2005; the effective date of this act.~~

(e) The legislative services agency shall prepare legislation for introduction in the ~~2004~~ **2006** regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the ~~department of tourism and community development by this act.~~ **lieutenant governor.**

(f) This SECTION expires ~~January~~ **July 1, 2006; 2007.**

SECTION 152. P.L.224-2003, SECTION 263, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 263. (a) The duties conferred on the department of commerce relating to economic development in Indiana, except those relating to energy policy or tourism and community development, are transferred to the Indiana economic development corporation established by ~~IC 4-1.5-3-1, IC 5-28-3-1,~~ as added by this act, on ~~July 1, 2005; the effective date of this act.~~

(b) The rules, ~~and~~ policies, **and guidelines** adopted by:

(1) the department of commerce related to economic development, except those related to energy policy and tourism and community development; **or**

(2) **any other entity transferred by this act to the control of the Indiana economic development corporation;**

~~before July 1, 2005; the effective date of this act~~ are considered, **on and after June 30, 2005; the effective date of this act,** rules, policies, **and guidelines** of the Indiana economic development corporation until the corporation adopts replacement **rules, policies, and guidelines.**

(c) On ~~July 1, 2005; the effective date of this act,~~ the Indiana economic development corporation becomes the owner of all property and obligations of the department of commerce that are associated with the economic development activities of the department of commerce,

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except property and obligations related to energy policy and tourism and community development. **Any amounts owed to the department of commerce before the effective date of this act under a program administered under this SECTION on and after the effective date of this act by the Indiana economic development corporation shall be payable to the Indiana economic development corporation.**

(d) Any appropriations to the department of commerce and funds under the control or supervision of the department of commerce related to its economic development functions, except appropriations and funds related to energy policy and tourism and community development, on ~~June 30, 2005; the effective date of this act, as determined by the budget agency,~~ are transferred to the Indiana economic development corporation on ~~January 1, 2005; the effective date of this act.~~ **However, twenty thousand dollars (\$20,000) of the appropriations made to the department of commerce before the effective date of this act shall on the effective date of this act be transferred to the Indiana promotion fund established by IC 5-28-5-12, as added by this act.**

(e) Any reference in a law or other document to the department of commerce or director of the department of commerce made before ~~July 1, 2005; the effective date of this act~~ and relating to its economic development function shall be treated **on and after June 30, 2005; the effective date of this act** as a reference to the Indiana economic development corporation established by this act.

(f) The legislative services agency shall prepare legislation for introduction in the ~~2004~~ **2006** regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the Indiana economic development corporation by this act.

(g) This SECTION expires ~~January 2006;~~ **July 1, 2007.**

SECTION 153. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "corporation" refers to the Indiana economic development corporation established by IC 5-28-3-1.**

(b) As used in this SECTION, "covered economic development entity" refers to the following:

- (1) The Indiana business modernization and technology corporation established under IC 4-3-11.**
- (2) The Indiana small business development corporation established under IC 4-3-12.**
- (3) The Indiana economic development council established under IC 4-3-14.**
- (4) The Indiana twenty-first century research and technology**

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fund board established by IC 4-4-5.1-6.

(5) The enterprise zone board established by IC 4-4-6.1-1.

(6) The Indiana film commission established by IC 4-4-13-1.

(7) The steel industry advisory commission established by IC 4-4-16.5-2.

(c) The following apply on the effective date of this act:

(1) The powers and duties of a covered economic development entity before it is abolished by subdivision (7) are transferred to the corporation.

(2) A reference to a covered economic development entity in a statute, rule, or other document is considered a reference to the corporation.

(3) All the property of a covered economic development entity is transferred to the corporation.

(4) Any appropriations to a covered economic development entity and funds under the control or supervision of a covered economic development entity that relate to economic development, as determined by the budget agency, are transferred to the corporation. Any appropriations to a covered economic development entity relating to community development, tourism, or energy, as determined by the budget agency, and any funds relating to community development, tourism, or energy, as determined by the budget agency, that are under the control of a covered economic development entity are transferred to the office of the lieutenant governor.

(5) All leases and obligations entered into by a covered economic development entity before the effective date of this act become leases and obligations of the corporation on the effective date of this act.

(6) Any amounts owed to a covered economic development entity before the effective date of this act are considered to be owed to the corporation.

(7) Each covered economic development entity is abolished.

(d) The legislative services agency shall prepare legislation for introduction in the 2006 regular session of the general assembly to organize and correct statutes affected by the abolishment of the department of commerce and the covered economic development entities by this act.

(e) This SECTION expires July 1, 2007.

SECTION 154. [EFFECTIVE UPON PASSAGE] (a) The terms of the initial members of the board of the Indiana economic development corporation appointed under IC 4-1.5-4-4, before its

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repeal by this act, expire on the effective date of this act.

(b) This SECTION expires July 1, 2007.

SECTION 155. An emergency is declared for this act.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Approved: _____

Governor of the State of Indiana

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